Baltimore—The Metropolis of Maryland

BALTIMORE enjoys a strategic geographic location. It lies midway between the North and South and is the closest Atlantic Seaboard city to the Middle West. Founded in 1729, Baltimore has moved through the years on a comparatively even keel. In times of national prosperity, the city sometimes follows, rather than leads; but in periods of economic stress, its citizens experience the benefits of stability, diversity, and sound business fundamentals. The influx of thousands of war workers needed to operate the great steel, aircraft, shipbuilding, electronics and other vital war industries boosted the local metropolitan population to well over the million mark. Baltimore, the seventh largest city in 1940, is now sixth.

Many diversified products are made in Baltimore. Here are located the world's largest tidewater steel plant, one of the nation's oldest and largest airplane plants, shipbuilding and ship repair plants which are the oldest, largest and most experienced on the Atlantic Seaboard. Here are also important radio and telephone equipment industries; the largest spice factory in the world; the largest plant manufacturing bottle caps; the largest producer of portable electric tools; the largest copper refinery; one of the country's largest whiskey industries; and one of the largest and most modern oil refineries on the East Coast. Also in active operation, in separate plants, are the world's largest producers of weather instruments, venetian blinds, superphosphates, straw hats, and hand-blown Christmas tree ornaments.

Baltimore is one of the world's great seaports. At the headwaters of the deep Chesapeake Bay, the city's history has always been closely identified with the sea. During 1949, the Port of Baltimore ranked as the second seaport in the United States in the total of its exports and import tonnage. The city, however, is not all commerce, shipping and industry. Her cultural life is well developed, as is natural where the connections with the past extend through so many generations. Probably her best-known educational institution is the Johns Hopkins University, pioneer postgraduate university in the arts and sciences. The University of Maryland has a number of its departments in Baltimore, including its school of law and dentistry, the latter the first of its kind to be established anywhere. The city's public school system is regarded as unusually efficient. Many of its modern buildings were erected in recent years and are of pleasing architecture.

The Enoch Pratt Free Library has national distinction among great libraries. The Baltimore Museum of Art is a young but growing institution and the Walters Art Gallery, now municipally owned, houses one of the finest private collections in the world. The Peale Museum, founded in 1813, now the Municipal Museum, and the Maryland Historical Society are depositories of historical and cultural items. Horse racing in Maryland is famous the world over. The Preakness, run at Baltimore's famed Pimlico Track, is an annual turf classic.

Baltimore is the home of the Retail Credit Association of Baltimore, the seventh largest unit in the National Retail Credit Association with nearly 800 members.

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About "The Promises Men Live By"

Paul M. Millians
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Baltimore, Maryland

IN 1938 Harry Scherman wrote an interesting and helpful story of credit, "The Promises Men Live By." In it he speaks of an "obdurate and active ignorance" of credit as a force in our social and business economies. In 1954, "ignorance" of credit, especially consumer credit, is still widespread. Down to this morning a great many people are convinced that consumer credit—personal debt—is bad for the individual and the economy.

In a recent issue a prominent business magazine editorialized that, "Personal debt is poison," and that as "A sound policy, pay or do without." Such Puritan thinking on credit is obviously a leftover from the status quo of Europe where historically it has been considered improvident to go into debt. A kind of "moral" resistance to the use of credit.

A great many economists, politicians, and others remain completely convinced that consumer credit heightens periods of prosperity, and in the process deepens and prolongs depressions. Fortunately, we can find competent students of credit who oppose such thinking.

Paul Mazur in his recent book, *The Standards We Raise,* says that instalment credit, "fractional selling," is one of the truly great inventions of the American economy. "Take away fractional selling," Mr. Mazur observes, "and huge groups will be economically disenfranchised; they will not adopt 'cash on the barrelhead,' they will stop buying, at least for a long period of time, because buying habits are not easily or quickly changed."

William O'Neil, President, General Tire Company, has frequently said that finding a way to sell "the little fellow," the little fellow who makes up the fantastically large-time sales market, on time on a sound basis, marks the difference between America and any other country in the world.

Penn Kimball, writing in the *New York Times* a few months ago, observed in a lighter vein that "the freedom to plunge into debt under the blessings of instalment credit is one of the great American freedoms." "Cradle to grave," Penn says. "The ordinary life cycle starts with a lay-away plan in the baby department of some convenient store, wends its way past the diamond counter of some credit jeweler, finds shelter beneath an F.H.A. mortgage and eventually is laid to rest in a time-payment cemetery lot."

All to this point. All business should concern itself with suitable projects for ending so much controversy about consumer credit. A few do go into debt beyond their ability to pay; though relatively few, because the majority who use credit will do without if possession means burdensome debt. People limit credit more than lenders restrict it. And modern credit management protects credit from the fringe percentage of those who would misuse it; it is interested in making credit a constructive force in family welfare, not a misery.

To concede to any economist or politician that consumer credit does have a stimulating and depressing effect on business fluctuations. But so does all credit; if consumer income is good and secure, people buy more on credit; if income is less, less secure, they buy less. For the same general reason a business will expand or contract capital or other expenditures.

Mortgaging the future? The actual force of credit in the economy is inexact and very human, but as far as the figures go the amount of all consumer credit that would not liquidate within 30 to 60 days is not more than seven per cent of disposable income. This seven per cent is instalment credit and the big percentage of this would be liquidated within six to eight months.

All credit has a stimulating and depressing effect as business cycles move up and down; however, there is considerably less of a "hangover" from consumer credit than from many other forms because it is essentially short term debt. Mortgage debt, for example, is $65 billion and with long maturities.

The important fact for the whole economy is that the production and distribution of millions of consumer items that must be sold on credit or not at all is urgently more practical and nationally more important than a few in debt or dubious economic theories.

The expanded recognition and use of consumer credit as a vitally important force in distribution has been developed by Arno H. Johnson, Vice President and Director of Research, J. Walter Thompson Company. Speaking at Syracuse University's Conference on Consumer Credit, April 14, 1954, on "The Consumption Viewpoint on Consumer Credit," Mr. Johnson charts the great growth of consumer credit since 1929, and projects an impressive growth potential into the future.

"Disposable income" has grown rapidly; a much more rapid growth in "discretionary income" has taken place and this discretionary income, Mr. Johnson reminds us, is a better reflection of changing opportunities—income to save or to buy things beyond bare necessities. There has been a fivefold growth in this "discretionary" spending power since 1940; in 1940 only 35 per cent of disposable income was available for other than necessities; currently 55 per cent of a much larger disposable income is discretionary income, over and above what would be required to supply our population with the same per capita standard of food, clothing and shelter as in 1940.

Put another way and important to critics of credit, consumer credit outstandings could now be $43.0 billion

(Turn to "The Promises," page 22.)

Credit Office Methods and Personnel

Robert L. Bruchey
***General Credit Manager,* The Hecht Company, Baltimore, Maryland**
***President,* District Eleven, National Retail Credit Association**

IF, AS SOME statisticians have said, 85 per cent of the nation's business is conducted by and through secretaries, then it is also true, credit is approved by those assistants we have charged with the responsibility of authorization. Does it not appear important that we credit managers should select the best raw material for development, and have an earnest desire to instruct these people and give them the benefit of our experience?

This matter of credit in this day and age is no different from many other occupations and professions, for as these occupations and professions have developed specialists so must we; and the credit man is a specialist, good or bad, according to his ability and knowledge. Credit men fill positions of great economic trust, and because of this great responsibility, it is essential that they obtain the practical experience and knowledge which are so fundamental and of such vital importance in our present-day scheme of things. We are charged with the dispensing of knowledge and the training of these young people whom we call authorizers or assistants.

It is also important to make the proper selection when employing these men and women. Select those who have natural intelligence, ambition, and a willingness to learn. My experience has been that about one out of ten has these qualities and is willing to stick; but that one is usually worth all the time and effort wasted on the other nine.

Assuming, then, the personnel is all that can be desired; these people must be given the proper tools with which to do the job. Under the keen competition prevailing today in most cities, merchandise values do not vary greatly among modern stores. What, then, draws a customer to your store in preference to your competitor's? Is it not often a question of friendly, courteous, considerate service which gets under her skin and makes her not only buy in your store, but boost it to her church, her lodge, or her bridge club? Is it not true, no matter how solicitous a salesperson may be to a customer, if she must wait an extremely long time for approval from the office she becomes uneasy, often disgruntled and sometimes refuses to accept her purchase? Proper equipment, efficiently manned, will, without question, obviate this condition.

Difficulty in Locating Accounts

One weakness which is often in evidence in many offices is the difficulty in locating accounts. Due to the many thousands of charge customers, various spellings of names, similarity of addresses and accumulation of records, this has become one of the major problems of authorization. Too many ledgers, too many files, and too many places to look is often the reason customers are delayed, salespeople are caused to lose time, and the credit department payroll is something of a headache. Often it is possible to consolidate one or more of these records and thus reduce the number of places in which an account may be found.

Through the development of cycle billing there has evolved an authorization record which gives the authorizer, at a glance, not only the name, address and limit, but also the balance, paying habits and collection record as well; thereby permitting him to intelligently extend credit far more rapidly, and with far less reference than ever before. The use of Charga-plates on which the customer's name and address are embossed and when inserted into small machines, located conveniently in every department in the store, mechanically and rapidly print the information on saleschecks, refunds, credits and notations of all kinds has almost miraculously speeded the service and reduced errors.

Various forms of the coupon system used in the authorization of deferred payment accounts have permitted authorization, and eliminated the necessity of the customer's going to the office every time she purchases a pair of hose or a lipstick. Even this type of account has found more modern methods such as script which benefits the selling floor. All of these things are good, if properly applied, but they are only tools in the hand of the workman and unless he is properly trained, alert, keen-minded and ambitious, the job he does will not be a good one.

Interviewing Customers Who Overbuy

And now the chief authorizer, that assistant, that little credit man or, as is often the case, woman on whose shoulders falls the responsibility of contacting and interviewing that 15 per cent of our customers who overbuy and underpay. He must be a good judge of character, and he should be conversant with all the possibilities of his particular class of business coupled together with the ability to analyze accounts, credit reports and the like accurately, fitting them all together so they form a complete picture; a picture which will enable him to say "yes" or "no" intelligently and give him the courage of his convictions in either case. He will be the credit man of tomorrow and on him will fall the mantle of those who are at the helm today.

Credit applications and reports should be filed in such a manner as to permit easy reference. This information should be, and is, referred to often. The form of salescheck does not concern us here particularly, except that it must be adapted to the method of operation used.

The matter of writing saleschecks is, however, of great importance in authorizing the charge. The entire salesforce must be trained to exercise both care and cooperation. Illegible writing, poor spelling, or carelessness in getting the correct first name (not initials) or the correct address may greatly handicap the Credit Office. The entire check, of course, must be completely written.

Accounts which are restricted in any way such as closed pending payment, closed pending interview, or over the limit should be referred to the chief authorizer. In this regard it is important that the bookkeeping department be provided with a system of notifying the chief authorizer or the collection manager when an ac-

count has pyramided. In such a case, the authorizer should, of course, discuss this first and should immediately refer the account to the head authorizer who in turn will refer the account to the collection manager.

The means of identification, at best, are matters of judgment. Many arguments pro and con have been advanced in regard to the use of coins, Charga-plates, cards and signatures. The important thing is that the entire force should be properly trained to handle the type of token selected by the store, with as little inconvenience or embarrassment to the customer as possible. (And let me state at this point, floormanagers and salespeople should be regarded as representatives of the office in many respects, rather than in the light of an ill-trained polyglot of commission snatchers. If they do not represent the office properly the cause can very often be traced right back to the office itself.)

The signature of a floormanager or other supervisor is needed on certain types of transactions in order to supervise and protect the store properl and these signatures should always be given proper consideration by the authorizer. It is well, periodically, to review the various kinds of transactions requiring a floormanager's signature; eliminating the unimportant ones, and thus making the really important ones count for more.

Stores Must Have Trade to Exist

Under the caption of slow pay comes from 10 per cent to 25 per cent of the store's accounts. If the credit man were allowed to accept orders only from customers of proved credit standing and prompt pay, refusing those concerning whom there was the slightest question, there would be no need for the collection department. To exist, however, stores must have trade.

To refuse to sell to slow customers would be to cut off a large portion of profits. Since, therefore, it is the desire of the average credit man to sell to all who will eventually pay, and refuse credit only to those who will not, retail stores will always have the slow-pay upon their books. Debtors who come in this class either cannot or will not pay their bills on time.

There are many reasons for slow-paying accounts: Poor management on the part of the debtor in not keeping his personal expense or those of his family within the limits of his income, indiscriminate credit-granting on the part of the credit department, and too much latitude or indulgence in permitting the customer to acquire the slow-pay habit.

Many also can be found in the slow-pay class who are strictly honest and of perfectly good intentions. Occasionally circumstances entirely beyond their control will put those who are usually prompt-pays into the class of slow-pays.

These cases require careful and special consideration, and the collection manager should study the conditions carefully before going ahead to push his claim, as such hasty action may add to the confusion and embarrassment of the debtor and possibly delay still further the payment of the account.

The collection manager's experience should enable him to suggest means of the debtor for making settlement, and it is the common experience that unless the debtor is hopelessly down and out a little sympathy on the part of the collection department will make payment reasonably sure.

Again, there are people, such as farmers, who depend upon the seasons for their incomes. Farmers could not possibly trade with a store if it held them to its thirty- or sixty-day terms. They must be permitted to make, within reason, their own terms, which depend largely upon the growth of their crops and the returns from marketing them.

There are also some men who, upon finding themselves the victims of adverse circumstances, or when forced into a bad condition by sheer incapacity, seek refuge in the socialistic doctrine that "the world owes them a living, and they don't propose to starve in order to pay their debts."

Slow-pays invariably show an utter disregard for the specified terms of purchase so long as they keep within the boundaries of credit safety in so far as it affects their credit standing. Although they ultimately pay their accounts, they do so according to their own conception of promptness, but all too frequently not until they see the danger signs.

Great care should be exercised by the collection manager not to allow the slow-pay habit to develop until it is dangerously near the barrier dividing the slows from the bads, for it becomes increasingly difficult to insist upon prompt payment if the customer has previously been permitted to take several months without protest.

Careful consideration must always be given to the cause of the debtor's becoming slow-pay. The collection manager who keeps himself posted on the debtor's circumstances will fare best in this matter.

Slow-pay customers, however, should be handled with great care, and every effort made to effect settlement in a way to hold the customer's good will and patronage, because it is quite usually a profitable and dependable trade. Throughout your entire operation the old saying still prevails "the chain is only as strong as its weakest link."

Establishing credit limits for both old and new customers is important, but it is wiser to spend as much or more time and effort in setting up the new customer. The more careful you are in your selection and decision at the beginning, the less worry you will encounter later.

At our store we have several types of accounts, straight charge, installment and revolving credit. All have to be be analyzed and credit limits established. Our policy, generally speaking, is to secure as complete an interview as possible and next an up-to-date credit report.

From these two sources we then analyze it considering the various factors such as past credit history, employment, family history, housing, etc. To really analyze a new account properly a great deal of time, effort and study is spent to find out the described information. If you had all the answers you could quickly and accurately convert this wealth of information into dollars and cents and, of course, less headaches. ★★★

Benefits of Monthly Aging of Accounts Receivable

John J. Lurz

***Office and Credit Manager,* O'Neill & Company, Baltimore, Maryland**

ALL OF YOU are undoubtedly aware of the various kinds of aging as applied to customer accounts receivable. My purpose is not to tell you the way to age your accounts receivable, rather the benefits derived from monthly aging.

How often do we charge accounts to Profit and Loss, and then after analyzing the accounts find that if the Credit Manager would have known about some of them ahead of time, possibly three months earlier, it would have been a different story? How do we know our Collection Department is making a complete, thorough and conscientious coverage of our Accounts Receivable? Do we know when to attack vigorously the four to six month old group with an available collection force and sacrifice routine dunning because the four to six month group will be our potential losses if not taken care of immediately. We look at the age analysis sheets as if they were a chess board with its many and trying problems occurring monthly, and how we should deploy the Collection Department to overcome these problems.

It is physically impossible for the Credit Manager or Collection Manager to go through the accounts receivable files and pick out all of the accounts that need immediate action. We can do this, however, if we receive a monthly aging of accounts receivable. Imagine all of your slow and past-due accounts on your desk, right in front of you. You do not have to guess at your accounts receivable picture or look through a maze of flags or signals. Remember collection percentage alone does not indicate a true picture of your accounts receivable.

For purposes of demonstration, let us use a seven column, columnar pad headed up as follows:

Column 1	Col. 2	Col. 3	Col. 4	Col. 5	Col's. 6 & 7
3 Months Old	*4 Mos.*	*5 Mos.*	*6 Mos.*	*7-12*	*REMARKS*

Soon after a ledger tray is billed, the collection clerks proceed to go through and analyze all flagged accounts (accounts are flagged by the billers), analyzing them and posting the past-due balance in the appropriate month as outlined above. Using line aging, each line on the columnar sheet displays the past-due history of a single account. On all accounts that are overloaded, seriously past due, have broken promises, or are in any serious condition, the customer's name of that account is noted in the remarks column.

As soon as one ledger is completely aged, totals are run for each month past due and those aging sheets are analyzed by the Credit Manager or Collection Manager. The aging sheets are then compared with the previous month's aging and the same month last year. We now have a complete analysis of the receivables, comparison sheets for the consideration of trend, and a means of checking results on names listed in remarks column of the month previous. I do not know of any tool that is more effective in the handling of past-due accounts than this sensible, simple system of reviewing and analyzing your accounts, through the medium of aging accounts monthly. You are bound to get action on your accounts immediately with a minimum amount of time expended.

Immediately after reviewing the age analysis sheets the collection attack begins. Dunning of four month old and older accounts is directed right from the aging sheets and the results of these efforts are noted on the aging sheets and the customer's history card. A seven-to-ten-day collection follow-up is made on all accounts in a serious condition, taking further steps or necessary action to effect collection. This method of dunning from aging sheets also is a good psychological factor in that your collection department can see their results as they progress in their efforts to effect collection. It is certainly a feeling of pride to any individual who has at his disposal a score board of his accomplishments and achievements. Conversely it is true, for it removes any thought of complacency in that the tough ones are still open and uncollected. This necessarily presents a constant objective for the collection force to seek out and overcome. The Credit or Collection Manager can tell immediately from the aging sheets the ability of the people working for him and the efforts that they have put forth. You might say the age analysis sheet gives the Credit or Collection Manager a dual control; control of his accounts receivable and a control of the production and results of his department. Your collection force will not assume you are checking on them, rather that you are assisting them. By showing them the facts and figures, they know you recognize their importance. My personal experience has been gratifying in that the people who do the aging also do the collection work, enlarging their viewpoint and increasing their enthusiasm. They know that every past-due account is almost a personal challenge to them which arouses their enthusiasm to effect collection.

Formula for Charging Off Accounts

If a store uses a set formula in charging off its accounts, again the age analysis sheets come into play and are of major assistance in the completion of this task. For the purpose of demonstration, let us assume a particular store charges off all accounts that are six months old and older as of July 31. As of June 31 all accounts that are five months old and older are the accounts that would naturally be destined for charge-off. The important thing now is to work on these accounts with a concerted effort. It may be necessary to sacrifice some routine dunning to collect these past-due accounts. Assuming now that we are close to July 31 and our collection efforts are exhausted, the remaining accounts on the aging sheets are those that will go off the books and into our Profit and Loss account. Now if you plan to give these accounts to an outside agency or an attorney, you will have intelligent history on which these people can further the collection effort. Also from the age analysis sheets you can almost make an immediate decision whether or not to abandon collection on these accounts.

Collection percentage alone does not indicate a true picture of your accounts receivable. All of us are undoubtedly aware of this, for the other important factor is the age of our accounts receivable or, in other words,

that group of seriously past-due accounts. As long as the majority of our customers are paying currently we could charge off the bad ones periodically and always enjoy a good collection percentage.

From this it is obvious that a good collection percentage must be supported by a consistent, healthy, liquid condition in all of our accounts receivable. Basically collection percentage is calculated on the outstanding balance of our accounts receivable at the beginning of the month divided into the cash collected during the month. Again, to see a collection percentage and nothing else would not necessarily paint a true healthy or unhealthy condition of our accounts receivable. If a particular store enjoys a high collection percentage but defers or charges off a portion of the older accounts, then it is obvious that the collection percentage does not reflect a true condition of the accounts receivable. A few months ago I was speaking to a group of Credit Managers on this subject and I shall never forget one comment a gentleman made. He said, "I have a lot of faith in collection percentage, but I'll bet my last dollar that none of us in this room would consider purchasing a retail store, having credit facilities, and an extremely good collection percentage, if the accounts receivable were not first subjected to an age analysis." There is a lot of solid wisdom in that statement and I think it is true in any business transaction involving a purchase that contains accounts receivable. This certainly means we cannot become complacent over our collection percentage while bad debts are swallowing up our profits.

My personal feeling is not to strive for a single good condition such as collection percentage alone, rather through the use of the age analysis sheets, continually strive for an over-all liquid condition of all receivables. I firmly believe that the monthly aging of accounts receivable is of paramount importance to any store regardless of its size of collection procedure, or type of billing it is using. No other single thing in our Credit or Collection Department points out our mistakes so vividly, also providing us with the necessary information to approach these problems intelligently. To establish monthly aging is one thing and to use it for the wealth of information and assistance it contains is another thing. Preparation of an aging sheet is not a guarantee of effective collections, it must be used intelligently and continually if it is to be of any value at all. If aging of your accounts is to be done inconsistently or without proper follow-up, it is not recommended. This would only be an additional burden and unnecessary expense.

On the other hand if the Credit or Collection Manager points out the conditions of the receivables to his collection department, the dollars and cents and length of delinquency, he cannot help but get better cooperation from his employees. Then as the months pass, compare the current month with the previous month and so on until you have this year's and last year's comparisons. One thing must be considered when making comparisons or establishing trends and that is the outstandings. As an example let us say (A) ledger for January 1954 had $5,000 four months old and older and the outstandings were $100,000.00. January 1953 had $4,500.00 four months old and older and showed outstandings in the amount of $65,000.00. (A) ledger for January 1954 certainly had fewer past-due dollars than January 1953 but is worse off as the outstandings in January 1953 were $65,000.00 against $100,000.00 for January 1954.

Monthly aging of accounts also provides us with a means of determining our requirements of reserve for bad debts. It is first necessary to consolidate all of your age analysis sheets and arrive at a combined total for each month of delinquency. We know from experience that our charge-off or losses on accounts receivable are proportionate to the age or delinquency of the account. As an example, let us say on our combined accounts that are four months old we may know from experience our losses will run about four per cent, those in the five-month group seven per cent, and so on into the nine- and ten-month group where we will probably charge off all of them or require a reserve of 100 per cent. In other words, it is necessary that we develop a fair percentage for each month past due, using that as a yardstick to calculate the amount of required reserve. To illustrate this let us say we have $50,000.00 in accounts receivable that is four months old. To this we would apply a percentage of four per cent arrived at by the formula previously explained. We now have a required reserve of $2,000.00.

Amount Added to Reserve Requirements

This amount would be added to our other reserve requirements for each aged group. This total would represent the necessary reserve requirements for our entire accounts receivable. The total required reserve could then be compared to the actual reserve. Actual reserve would consist of recoveries on bad debts plus the provision for anticipated losses charged to expense minus any current accounts charged to Profit and Loss. Naturally, if your actual reserve was in excess of your required reserve, you would immediately know that your accounts in general were in a favorable condition. If your required reserve was greater than your actual reserve your next step would be to review your aging sheets. From these sheets you can immediately see where your old accounts are, who they are, and who in your office is handling them. Now that you have these facts and figures, it is a simple job to instruct your collection people accordingly. In addition there is another important factor in that you can check results. In other words you can see what has to be done, instruct your people to do it, and by reviewing the aging sheets you can see your accomplishments.

This system of aging of accounts receivable is not an

Sound Credit as a Marketing Asset

LOUIS SMITH, JR., *Divisional Credit Manager,* Esso Standard Oil Co., Baltimore, Md.

BACK IN the days of Queen Elizabeth, credits and collections were relatively simple. If a man did not pay his bills, he was thrown in the debtor's prison. If that failed to have the desired result, he was shipped to the "Colonies," to begin life anew. Some of our best families got their start in a debtor's colony, of which there were many scattered along the Atlantic Seaboard.

But, with the advent of the factory system in England (later extended to the American Colonies) credit became more complex and important. Without credit our great commercial and industrial civilization could not have been built. There was not enough cash to finance a development and barter would have been impractical.

Step by step, experience upon experience, there grew up in the United States well-defined principles of credit, which we speak of today as sound credit. The successful application and administration of these principles calls for intelligence, a considerable knowledge of finance, business management, law and human relations. Modern methods, research techniques, and statistical yardsticks have made present-day credit management almost a science. Paralleling this industrial revolution, credits and collections have become an important part of every organization. And, there are good reasons why this is so and why it is likely to become even more so as time goes on.

First, when prices and general business increase, failures decrease. When commodity prices and general business decrease, failures increase. Trade conditions do not remain stationary, but whether they are moving up or down, there is a point where they will turn abruptly. Eternal vigilance is most certainly the price of success in the gathering of information and the forming of credit decisions.

Second, we are living in an age of decreasing margins of profit, which does not permit long-time credits. The manufacturer, wholesaler and retailer are confronted with price, taxation, etc., and must turn their working capital much oftener to make a reasonable profit.

To earn a satisfactory profit on his invested capital, the merchant must turn his stock quickly, and keep turning it. He must be taught to take advantage of all cash discounts allowed, to use discretion in his credit sales, and to collect his money promptly, so he can sell more merchandise.

The profits of any company depend not entirely upon the turnover of stock. The turnover of invested capital is more important. By prompt collections, we can turn over our capital repeatedly. If any capital is tied up in slow-paying or uncollectible accounts, extended credits, special terms, the amount of business the company can do is proportionately decreased. In like manner, the profits of the business will be decreased. The earnings of the average employee depend upon the earnings of the company for whom he works and unless the company turns its capital quickly, the profits will be reduced in direct ratio to the amount of credit losses and inactive capital, because there will be a small amount of gross business out of which to pay the overhead cost of doing business.

It is highly desirable that every credit executive make an earnest effort, with his firm's customers, to realize the importance of getting their money in more quickly so that his firm will have available cash to buy more merchandise. Whether we realize it or not, the Credit Department is an ever-present force in helping to build for the future.

Any firm's customer must be convinced of the importance of his own credit standing and the value of credit cooperation if he is to prosper. It is to the interest of the average credit man to educate his customers as to the advantage of furnishing the Credit Department with the desired information.

It behooves every Credit Manager to constantly remind his firm's customers that their most valuable possession, apart from their actual assets, is their sound, substantial and unquestioned reputation as credit risks. The third policy goes hand in hand with sales profits. The Credit Department formulates sound credit policies and practices for every company. They thereby increase sales volume, contribute to customers' stability and provide adequate protection for the company's investment in accounts receivable. *The Credit Department of any organization is therefore a vital force.* ★★★

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expensive system to install nor is it complex in nature. I would venture to say that the existing collection force in any store could accomplish monthly aging accounts receivable in the first four or five business days after billing is completed. The amount of time spent in aging accounts would be more than offset by benefits received. The important benefits you will receive are:

1. A systematic approach to your collection problem.
2. A consistent and intelligent follow-up.
3. A simple system of reviewing your accounts rather than thumbing through a maze of ledger cards and signals.
4. A way of knowing how effective each individual is in your collection department.
5. A means of comparing your actual reserve against your required reserve.
6. A definite method of checking results, by comparing your older accounts from month to month, name for name as listed in the remarks column of your aging sheets. It will also eliminate collection card files, and other miscellaneous detailed information as all necessary information is under one physical control as included in the monthly age analysis sheets.

Those of you who are aging your accounts receivable monthly are undoubtedly enjoying the benefits as outlined. Those of you who are not aging your accounts monthly may give this system consideration for the many reasons mentioned and the streamlined control it provides. ★★★

Consumer Credit Reporting—Past, Present and Future

Charles F. Roycroft

***Executive Vice President,* Credit Bureau of Baltimore, Baltimore, Maryland**

IN REVIEWING this topic, I could not decide what to regard as the past. Should it be the last five years, the last ten years, twenty-five years, or should I go back to the inception of consumer credit reporting in Baltimore, which, in effect, is a page from the history of consumer credit reporting in the United States, for, as some of you may know, the Credit Bureau of Baltimore, as it is known today, is the oldest credit bureau in the Associated Credit Bureaus of America.

In my opinion, the past is the least important of the three phases of this topic. It is important only to the extent that reviewing it may help us in our efforts to do a good job today and a still better job in the future. On this premise, I would like to cover the first forty to fifty years of consumer credit reporting by reciting briefly the history of the Credit Bureau during that period.

The Credit Bureau of Baltimore was started in 1882 by W. S. Langford, and was first known as Langford's Exchange. At that time, the merchants and financial institutions of the city were without individual credit service. Langford, realizing the possibilities, established a small reporting agency on his own account. He made his own investigations, wrote his reports with pen and ink, and did everything himself. He continued along for a few years but met with indifferent success, and finally decided to discontinue. When this fact became known, several local merchants purchased Langford's Exchange and organized the first Union Credit Company, as a Maryland corporation. The newly organized company was successful, enjoyed a satisfactory volume of business, and continued for ten or twelve years.

About this time the Mutual Mercantile Agency was formed by men formerly associated with R. G. Dun & Company. Their objective was to establish a third national reporting and mercantile agency in competition with R. G. Dun & Company and the Bradstreet Company. They acquired, by purchase and assimilation, a number of independent and privately owned reporting and mercantile agencies through the county. The owners of the Union Credit Company received an attractive offer from the promoters, which they accepted.

The life of the Mutual Mercantile Agency was of short duration. Its brevity, however, involved the loss of considerable money, and in some sections created a serious disruption of the credit reporting business. When the records, good will and equipment of the Mutual Mercantile Agency were offered for sale, Henry W. Williams, an attorney of Baltimore, together with his brother, N. Winslow Williams, and several businessmen of the city, bid in the local equipment and reorganized the Union Credit Company as a Delaware corporation in 1897. The new company continued as a privately owned agency doing a general credit and insurance reporting business until 1918.

The merchants of Baltimore, having been unable to interest the owners of the Union Credit Company in merchant representation in the affairs of the company, organized the Retail Merchants Credit Exchange which commenced operations January 2, 1918. Several months later, May 15, 1918, the two companies merged to form the Union Credit Reporting Company. During the next ten years the stockholdings of the private owners were gradually disposed of to the merchants and as of March 1, 1927, the name was changed to the Retail Merchants Credit Bureau.

It was during this period that the country experienced a real fundamental change in consumer credit reporting: The transition from privately owned mercantile reporting agencies to merchant owned or controlled credit bureaus. Whether or not this change was beneficial to the profession may be debatable, but what is not debatable, is that since that time there has been a continuing increase in consumer credit granting and consumer credit reporting. Today, your credit bureau is a more important factor in the business life of your community than ever before, and its importance will continue to increase to the extent that its management and membership provide the necessary initiative and know-how. It is my considered opinion that consumer credit has contributed maybe more to help raise the American standard of living to what it is today than any other single factor.

In the early days of consumer credit, merchants were obliged to place more importance on who his applicant was, his family background and associates, what his applicant did, his business connections and its stability, rather than on trade experience as we know it today. This, for the reason that, at best, trade information was limited and for obvious reasons, not too reliable or informative. Consequently, a high percentage of reports which credit bureaus were called upon to furnish, were detailed written reports that required personal neighborhood investigations. In time, the benefits and advantages of consumer credit became apparent and were recognized by every type of merchant, financial institution and profession with the result that the credit bureau of today is obliged to offer an ever increasing variety of services to meet this growing demand.

In some metropolitan cities, bureau management has felt compelled to set up within the credit bureau separate files or divisions to service special groups or find such groups forming special credit exchanges outside of the bureau to serve their imaginary special needs. I do not think it is an exaggeration to say that in some cities there are almost as many credit bureaus or credit exchanges as there are types of credit granters. This is fundamentally unsound, and constitutes a needless waste of dollars and cents as well as man power. I do not believe any group of consumer credit granters needs special files in the credit bureau or special credit exchanges outside the bureau to properly extend credit, provided the credit bureau is efficiently and economically operated. By efficiently operated, I mean a well-rounded schedule of services—a system for promptly obtaining and recording satisfactory and derogatory information as well as a

properly staffed bureau to render prompt and accurate service. Last, but not least, a price schedule should be maintained as low as or lower than competition. Some of you will not agree with this. All I can say is that we have tried it in Baltimore, and it works. There is no credit granter who will complain that you have too much information in file. What small loan company, finance company, banker, fuel dealer or professional man will complain if he receives trade experience in his own line plus trade information in other lines at a price comparable with what he would pay for less information from a specialty exchange?

So much for the present. If you do not agree with my thinking about today's operations, I doubt if you will see eye to eye with me about the future. Years ago, it was Voltaire, I believe, who is credited with having said, "I don't agree with what you say, but will defend with my life your right to say it." So bear with me while I theorize on what I believe to be the answer to credit bureau operations in the future.

The number one problem of credit bureaus today is personnel; the number two, inability to obtain ledger information promptly and accurately from subscribers, due to their personnel difficulties; and number three, finances. The average credit manager of today is satisfied to base his or her decision on up-to-date trade information. If this can be obtained promptly from the credit bureau, he or she is not too interested in neighborhood and employment information. On this premise, I have analyzed the situation and would like to leave the following thoughts with you.

There are three months in the year, June, July and August, when credit bureaus and credit managers may hire all the desirable help they need, at the minimum wage permitted under the law. It is the season when retailing, and consequently credit reporting, is at its low ebb. During these months, high school and college students, figuratively speaking, are begging for temporary employment. Why not take advantage of this condition?

How practical would it be in your community to work out a plan under which the credit bureau would develop and supply, a reference form which would lend itself to being run through your subscriber's addressograph, so that these forms could be imprinted with the names and addresses of all accounts on the subscriber's active mailing list. The subscriber could then check these names against his active accounts, and a transcript of the current paying habits of each account furnished the credit bureau. The credit bureau, in turn, could collate this information and record it in its master files.

In addition, the bureau would supply what some bureaus refer to as "approaching jeopardy forms" and forms for reporting profit and loss accounts, so that the bureau would automatically be notified when accounts are not being paid according to terms. This would enable the bureau, as of September first each year, to have up-to-date ledger information in file on all credit customers in its trading area.

It is conceded that the average retailer does the major portion of his business from Labor Day until Christmas, so that during the period when subscribers are busiest and ordering a majority of their credit reports, the bureau would have information available which would be from thirty days to four to five months old. Under such an arrangement, satisfactory credit information in the bureau files would be considered current, so that it would clear only derogatory or new accounts opened in the interim.

Such a plan would increase payroll expense during the summer months. It would, however, enable the bureau to furnish more up-to-date reports with less personnel during the other months of the year, and would do the same thing for a credit manager, to say nothing of the dollars and cents saved by being able to use file reports on approximately 90 per cent of his applications instead of buying more expensive reports.

Think it over. It may be as right as rain or as wrong as sin. *You be the judge.* ★★★

Observations of a Former Creditman

Russell H. Fish
Special Assistant to the Comptroller and Director of Research
The May Company, Denver, Colorado

IT MADE ME very happy to be invited to attend the Rocky Mountain Consumer Credit Conference. I have been away from the credit firing line for many years and I have missed the regular contacts I had for so many years with my friends in the credit profession. Through the courtesy of Mr. Crowder, I receive The Credit World each month and am able to keep in touch indirectly with what is going on. Many changes have taken place in the last few years. In our own May Company group, six of us attended about 15 National Conventions all over the United States and in Canada. Today there is only one left out of the six still holding down a credit job. The others either have different jobs or have retired.

As nearly as I can determine, there has not been too great a change over the years in credit procedure. The Credit Manager still takes an application, wonders if it is a good risk, opens the account, passes charges, tries to collect and then charges the account to P & L. There has, however, been considerable improvement in many of the details. The Credit Manager has better tools to work with. The Credit Bureau provides a better, more complete report in less time. Charga-plate has become almost a must in most large communities, which speeds up authorization. There have been developed effective collection notices, stickers, and a systematic collection routine. Collection agencies have improved service, better tracing facilities on skips, etc., so actually this business of credit granting today presents comparatively few problems. Some of you may not agree.

My subject of "Observations of an Ex-Creditman" certainly does not tie me down to the discussion of any particular phase of retail credit. You have heard many times before the thoughts I want to leave with you. My comments, I hope, will be such that, even if you have heard them a dozen or a hundred times, it might not be too bad for you to hear them again.

To cope with the many and detailed problems in the extension of retail credit today, the same as it was years ago, the Credit Manager must have unbounded patience, plenty of poise and lots of courage. He cannot be "wishy-washy" or unable to make quick and definite decisions. You have heard this before, but in my observations I find that we sometimes forget the importance of these things and make a totally unintentional bad impression.

Management, in most cases, recognizes the fact that the Credit Manager and his associates in the collection department and bill adjustments deal with human beings, individuals and not a group of figures and statistics. This is perhaps one of the most important elements of a Credit Department for the reason that few operating departments have customer contact. Some of the others, the Cashiers and Adjustment desk, also deal with customers and I am sure that you are aware of the need of utmost patience and courtesy in these departments to build good customer relations. The Credit Department is also an important spot in a store to build good will and satisfied customers.

Many of you, no doubt, have had the experience of being called on the carpet because some unhappy and disgruntled customer has written a letter to the boss. You are really out on a limb when the store is losing a customer for the reason an employee of the credit or collection department used poor judgment or lack of tact.

This is a good time to remind you of something else that you well know, and that is: satisfied customers rarely come to the attention of the front office. In one way or another it never fails that management sooner or later hears about the dissatisfied customer. It is the same old story: one hundred happy customers and one unhappy one. There is no substitute for regular meetings with your entire personnel to go over and over again the importance of holding to a minimum unhappy customers. Of course, some are most unreasonable and almost hopeless to satisfy, but I have found that top management will always give approval to almost any action that saves a good customer.

In most stores, I am frank to admit, merchandising is the prime consideration and that means selling. The Credit Department should be recognized as a selling department and an important selling department.

If the credit executive gets buried in detail he or she cannot devote the necessary time to selling. Top management will welcome and usually go along with a suggestion for sound promotional program. Do not put yourself in a position that management has to come to you and tell you that a new promotional policy is to be adopted and carried out. When this happens the Credit Manager is carrying out orders. The Credit Manager should be salesminded and make the proposal.

This same idea can be advanced in installment selling when it comes to down payments and length of time to run. To my knowledge, most credit managers want a down payment and, say, 18 months. Most Merchandise

Managers want nothing down and three years to pay. This matter of terms, I know, is a touchy subject, but once again it should be credit department salesmanship. Regardless of terms that are advertised, many times the customer can be sold better terms. I am sure that everyone has written installment contracts with a larger down payment and fewer months to pay than those that were advertised. Do not quarrel with merchandise managers over terms; be salesminded. Actually when good judgment is used in opening of an account, few losses are because of terms. How many of you have ever gone to the head of the store and said, "I believe we might get some additional business in the Housewares Department if we ran a strong ad on pots and pans and advertised $1.00 down and six months to pay on the balance?" Such an ad would probably attract some undesirable customers and turndowns may be high but it would also attract a substantial number of good customers. I do not mean to be specific about any particular item or terms. My thought is to have the suggestion come from you. This is the kind of talk most store heads like to hear. An executive of one of the larger Eastern stores once told me that he attributed an increase of over a million dollars a year in charge sales to suggestions made to him by the Credit Manager. That Credit Manager was salesminded and not only got the credit for the additional business but also a bonus, and what also is important to me is that he was not carrying out somebody else's orders.

Here is my impression of the over-all retail picture as it is today. You have all read from time to time statements that 1954 will be a normal year. I am sure that some of you do not know what a normal year means for the reason that you were not sitting behind a credit desk 15 years ago. The past 15 years have not been normal. World War II and Regulation W and then the customer clamor to buy all the things they could not get during the war and then just about the time they were getting caught up on these things along came Korea and then tremendous spending for defense; not a single normal year during the period that most of you have been in credit work. It is beginning to look like 1954 will be normal or at least more normal than the past 15 years. What does the return of a buyer's market and a normal year mean to you? It means more and better salesmanship and that applies to the Credit Department as much as it does to the salespeople on the floor. It means more training of personnel. Urge your people to keep uppermost in their minds good customer relations. It also means service to the customer—and this applies to all phases of the Credit Department including the cashing of checks—which all goes to build good will. My definition of good will is the desire of customers to return to a store where they have been well served. How well your customers are served and how much satisfaction they secure from the merchandise they buy and the service they receive will determine their attitude toward your store.

A normal year also means working a little harder and this working a little harder is not limited to the Credit Department. Everyone in the retail business in every capacity must make customers *want* to buy and want to buy from your particular store. Now is the time to take inventory of courtesy, a smile and a friendly greeting and to remember two very important things: The customer is the most important person in the store. The customer is not dependent on us; we are dependent on him. ★★★

CREDIT—*The Phantom Profession*

William G. Ott
Instructor in Law and Credit
Goldey Beacom School of Business
Wilmington, Delaware

Interest shown in the previous article published in the March issue outlining the almost total lack of interest among young people in the credit profession has prompted this second article by Mr. Ott. This installment points out possible approaches that may be helpful in the solution of the problem of attracting a high type of young person to our tpye of work.—*Editor.*

THE SUCCESSFUL salesman of any commodity or service, whether it be medical service, underwear, or a bridge, will analyze his procedure by the application of the old standard of five steps of selling: *Attention,* first, to a new and desirable product; *interest* in that product; a *conviction* or belief in the product; a *desire* to acquire it; and, finally, the completed *sale.* To apply these fundamental rules of selling to the problem of attracting young people of character, intelligence, ability, and personality to the credit profession is what we will attempt to deal with here.

Conclusions have been reached which indicate that today's young people with the qualities of professional leadership do not eye the field of credit with any interest, conviction or desire. Credit, to them, is a necessary evil that must exist for the benefit of those who cannot afford to pay for what they buy; and, therefore, a good business to keep away from. To the average young person the credit man or woman is the modern version of old Scrooge or Shakespeare's Shylock! The attention that has been given to credit work has always been negative, and credit men have too long been looked upon as unholy characters who are always at our door to burden us with unjust demands for money on unpaid bills. Of course, the good that men do lies buried with their bones. Only the evil remains after them.

Not too long ago other professions were held in the same esteem. Doctors and lawyers were labeled as suspicious persons whose activities were to be closely watched, and whose presence was held undesirable except as a lesser evil in the face of a far greater one. Generations have passed in the surmounting of these inward feelings and only today are some persons accepting the good that comes from the ranks of those professions in service to others in better living. The stature of the life insurance salesman is only now merging out of a long program of educating the public with the knowledge that insurance is a field to prepare for and not one to enter after job seeker has found all other doors closed to him. Years of constant vigil to the public acceptance of the insurance representative have yielded benefits that today show rewards in the outlook the young person has on insurance. An increasing number of high type young people are now seeking careers in insurance.

The *attention* element in such work as medicine, law, accounting, engineering, teaching, to mention only a few fields, is today positive. Even with the difficulty of securing good teachers, one finds that more and more young people are again turning to that field as attractive, though underpaid!

Ask your son what field he is interested in. If he is not too old he will tell you he would like to be an FBI Man, a jet pilot, or a policeman! If he is a little older than 15, perhaps, he will look with envy upon jobs in television, foreign service, or investigations of criminals. All of these fields have over the years secured the positive attention of young people in America. Credit? Ask the next 10 or 20 young people you meet what they might think of credit as a career and then ponder their answers in the light of the field's real opportunities.

Have you read a book, seen a movie, or heard a radio program lately in which the leading man, or hero, was a credit executive? If you have we would like to know about it! However, how many times is the credit man brought into the story to introduce a feeling of gloom, or cheap comedy? And there you have a perfect development of the *negative attention* to credit!

Trend in Modern Education

The accepted trend today in modern education is to have a department in each school devoted to the guidance of those who are in the high school level. This is a decided change over the older system of finding one's work through trial and error. As these departments have grown and been strengthened an entire new concept of vocational selection has taken place. Interest tests; aptitude tests; testing to determine mechanical and artistic skills; probing for still undiscovered talents in the student; and hundreds of other professional approaches to guidance have been introduced and found to produce a good measure of success in results.

Follow the experience of the average high school senior in his quest of vocational selection in a modern guidance department in high school. His past record over the entire years in school is studied by the guidance councellor. Observations are made on his home life, parental background, school activities, hobbies, and general abilities. He is subjected to a battery of tests which do a good job of taking a picture of his mental makeup. All of the results are carefully studied; personal interviews are arranged; and, if necessary for clarity, the councellor will get more information from other teachers, fellow

students, or additional testing. With all of this material now at hand the councellor is prepared to guide the student in making a selection of a type of work to which he is best fitted. When the work is of the type that calls for further training and education, the student has made available to him all catalogues, scholarship announcements, and modern aids in selection of the proper school determined by his own personal needs and finances.

In the majority of schools periodic conferences are arranged in conjunction with this guidance program. These meetings are expertly planned and are usually either city or county wide, depending upon the location and area involved. Guests are invited to speak to the divided groups on the work and professions which they have been active in successfully over a period of years. In these meetings the students are exposed to the hard facts of all types of careers, with no punches pulled in outlining both advantages and disadvantages to be met. Not many who will read this article had the advantages of such a program and the older men and women can appreciate the impact that such planning has upon career selection as compared with the treatment given this matter only a few years ago.

Over the past few years the writer has attended and spoken to groups in dozens of such meetings almost every year, in an area over several eastern states. Illustrative of what may be met was a recent conference at which 83 various vocations were represented by group speakers or leaders. Among those present were airline pilots, an airline hostess, a shoemaker, carpenters, plumbers, architects; and, representatives of such skilled trades as glass-blowing, instrument making, and coil winding. These were in addition to the usual speakers on business, medicine, law, and the other usual callings. There were more than 500 young people present from several schools to question these men and women, and to acquaint themselves with career opportunities in 1954. *No representative of the phantom profession was asked to speak on credit!* And, what is more significant, the absence of a credit man was never noticed!

The Importance of Our Profession

Such conferences are now a regular event in most schools throughout the country. Guidance officials, responsible for the direction of such meetings, have not themselves recognized the importance of our profession. Action of a *positive* sort in public relations is sorely needed. Literature on opportunities in credit will find welcome acceptance among school officials connected with guidance. Speakers to the career conferences will be welcomed by those who make these plans. Visits to the local high schools by successful credit men and women will help to open this contact. A concerted national program supplying information on the credit field, success stories, suggested guidance talks, and other important aids to the local groups will set a spark which in a few years may well grow to a burning fire of *positive* thinking among the type of young people that credit should attract.

If you are one of those invited to be a guest speaker on credit at your local schools do not be disappointed if only one or two students respond to listen to the talk that you have spent several hours in preparing. Just give it a few years, however, and watch the interest grow! You will find that most young people like success stories and if your community is like most, you will find a generous

number to select from in your own field. Tell these young people how others are achieving the satisfaction that comes with lives of service and they will soon catch on.

The printed word is powerful and a real, inspiring account of the credit field, with illustrations, written for young people, will bring more positive attention and interest in our work. Placing these in the hands of the proper persons for distribution will give the credit field the endorsement of educational leaders throughout the nation.

Contact the various youth groups and clubs in your area and suggest a member of your local credit association as a speaker. Youth will soon find that your work is not just a job of collecting bad bills from unpleasant debtors. Become better acquainted with the business teachers in your community and offer to speak before a class in economics or business. The teachers appreciate such cooperation; the students welcome a change from regular routine; and the phantom profession takes on stature in the minds of another fine group of young Americans. You will even surprise yourself in how much better *you* feel about your own work when you finish such an assignment. It will build your own enthusiasm.

These are not new, untried methods, but programs which have been successfully carried on by other professions for many years among young people. Let us be proud of our work; proud that credit men are responsible for keeping America running smoothly and speeding the wheels of industry when all other lubricants fail.

Mechanics of such a program require much thought and drafting by those who will give their time. By experience better guidance talks will be created for the benefit of all. And, through the efforts of all, the credit profession of 1954 will see a growth of stature and strength that will come only when young men and women of high calibre and ability say: *This is it!*

As leaders in a profession which is now growing into manhood while still in knee breeches, you have the responsibility of enlisting the talents of young people whose intelligence, foresight, enthusiasm, and personalities will create a new respect for the entire field. And, if the future success may be viewed with regard to the capable candidates that you might thereby attract, it may truthfully be said that the phantom profession may be viewed only in comparison with the possibilities of atomic energy.

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PROGRAM HIGHLIGHTS

40th ANNUAL INTERNATIONAL CONSUMER CREDIT CONFERENCE

The Fairmont Hotel, San Francisco, California, July 19-22, 1954

Monday Afternoon, July 19 . . .

The Credit Forum
Gold Room, Fairmont Hotel
2:00 P.M. to 5:00 P.M.

Chairman, William J. Tate, Charles Ogilvy, Ltd., Ottawa, Ontario, Canada, First Vice President, National Retail Credit Association.

"Nationwide Credit Schools," Sterling S. Speake, Retail Credit Specialist, Austin, Texas.

"Why Applicants Should Fill in Applications for Credit," W. E. Ryan, Broadway Department Stores, Los Angeles, California.

"Our Experience Charging a Fee for Cashing Bank Checks," David K. Blair, H. Liebes, San Francisco, California.

C. A. Wildes, Credit Bureau of Minneapolis, Minneapolis, Minnesota.

3:00-3:45 P.M. Guest Speaker. "Relationship of Monetary Policy, Debt Management and Taxes to Economic Stability," Marriner S. Eccles, Chairman of the Board First Security Corporation, Salt Lake City, Utah.

"Sound Instalment Terms," L. A. Brumbaugh, Valley National Bank, Phoenix, Arizona.

"Business Outlook for Remainder of 1954," Paul M. Millians, Vice President, Commercial Credit Company, Baltimore, Maryland.

"National Legislative Activities," Clarence E. Wolfinger, Lit Brothers, Philadelphia, Pennsylvania.

Announcements and Adjournment.

Tuesday Morning, July 20 . . .

8:45—Assembly—Gold Room, Fairmont Hotel
Community Singing
Song Leader, Syd G. Worthington, Pacific Telephone and Telegraph Company, assisted by Vicki Lindstrom, Organist, San Francisco, California

9:00—Call to Order
"Welcome to the Conference"
Henry C. Alexander, Belk Brothers Company, Charlotte, North Carolina, President, National Retail Credit Association
Invocation—Dr. John H. Creighton, Pastor, First Presbyterian Church, San Francisco, California
In Memoriam

9:10—Report of Nominating Committee
(Annual reports of Officers and Finance, Legislative and Educational Committees will be published in the Credit World)

9:15—Greetings
Mrs. Mabell Bliss, Frank A. Heitkemper, Inc., Portland, Oregon, President, Credit Women's Breakfast Clubs of North America

9:30—"We're Expectin'"
Howard G. Chilton, Credit Bureau of Greater Fort Worth, Fort Worth, Texas, President, Associated Credit Bureaus of America

10:00—Panel Discussion, "Building Credit Sales"
Moderator, Kaa F. Blue, Foundation Plan, Inc., New Orleans, Louisiana, Second Vice President, National Retail Credit Association

11:00—"Oh, No, Not That Again"
George A. Scott, President and General Manager, Walker-Scott Co., San Diego, California

11:50—Introduction of:
Representatives of Exhibitors

12:00—Noon—Announcements and Adjournment

Wednesday Morning, July 21 . . .

9:00—Assembly—Gold Room, Fairmont Hotel
Community Singing

9:15—Reconvene
Reports of Committees
Constitution and Bylaws
Credentials

9:30—Panel Discussion, "Effective Collection Techniques"
Moderator, Wimberley C. Goodman, Reynolds-Penland Company, Dallas, Texas, Third Vice President, National Retail Credit Association

10:30—"Credit in Canada"
Hugh L. Hulme, Aluminum Goods Ltd., Toronto, Ontario, Canada, President, Credit Granters' Association of Canada

10:45—Election of Officers

10:50—"The Effect of Consumer Credit on Our National Economy"
Carl A. Bimson, President, Valley National Bank, Phoenix, Arizona

11:30—"Do Your Letters Get Results?"
Waldo J. Marra, Director of Banking Relations, Walston & Co., San Francisco, California, Author, *Streamlined Letters,* Correspondence Consultant for National Firms and Institutions

12:15—Announcements and Adjournment

Thursday Morning, July 22 . . .

8:45—Assembly—Gold Room, Fairmont Hotel
Community Singing

9:00—Reconvene
Action on Final Report of Committee on Con-

Group Chairmen and Co-Chairmen

Banking and Finance

Chairmen: L. A. Brumbaugh, Valley National Bank, Phoenix, Arizona.

Chas. R. Buchanan, National Bank of Washington, Tacoma, Washington.

W. D. Conel, Security-First National Bank of Los Angeles, Los Angeles, California.

Harry J. Wood, Peoples First National Bank and Trust Company, Pittsburgh, Pennsylvania.

Building Materials

Chairman: J. M. Dean, Building Material Dealers' Credit Association, Los Angeles, California.

Co-Chairmen: Elmer D. Conner, Retailers Credit Association of Sacramento, Sacramento, California.

Harold Lambert, Burton Lumber and Hardware Company, Salt Lake City, Utah.

Consumer Finance

Chairman: M. L. Goeglein, Pacific Finance Corporation, Los Angeles, California.

Co-Chairmen: J. Miller Redfield, California Loan and Finance Association, Los Angeles, California.

R. E. Vester, Mutual Loan Company, Portland, Oregon.

Department, Apparel and Shoe Stores

Chairman: W. E. Ryan, Broadway Department Stores, Los Angeles, California.

Co-Chairmen: Harley J. Boyle, The Crescent, Spokane, Washington.

E. L. Goodman, Burger-Phillips Company, Birmingham, Alabama.

J. A. Koverman, Desmond's, Los Angeles, California.

Furniture, Electrical Appliances and Musical Instruments

Chairman: Eldon L. Taylor, Glen Bros. Music Company, Ogden, Utah.

Co-Chairmen: Frank Milloy, Willis & Company, Ltd., Montreal, Quebec, Canada.

Roy E. Teter, Jenkins Music Company, Oklahoma City, Oklahoma.

Walter L. Thornburgh, Jackson Furniture Company, Oakland, California.

Hospitals, Physicians and Dentists

Chairman: Mrs. Lois McIver, The Gaston Hospital, Dallas, Texas.

Co-Chairmen: John M. Delio, Hamot Hospital, Erie, Pennsylvania.

Frances M. Hernan, Massachusetts General Hospital, Boston, Massachusetts.

Newspapers and Publishers

Chairman: A. R. Peterman, *Cleveland Plain Dealer,* Cleveland, Ohio.

Co-Chairmen: Mrs. Daisy Dever, Greensboro News Company, Greensboro, North Carolina.

A. L. Jilly, Peoria Newspapers, Inc., Peoria, Illinois.

Royce Sehnert, *The Wichita Eagle,* Wichita, Kansas.

G. W. Sites, *Los Angeles Times,* Los Angeles, California.

Other Types of Business Not Specifically Listed

Chairman: Vernon Rasmussen, Evergreen Cemetery Company, Seattle, Washington.

Co-Chairman: V. W. Phillips, Golden State Company, Ltd., San Jose, California.

Petroleum

Chairman: J. P. McLaughlin, Richfield Oil Corporation, Los Angeles, California.

Co-Chairmen: T. J. Fahay, Union Oil Company of California, San Francisco, California.

J. D. Hartup, Standard Oil Company of California, Spokane, Washington.

Public Utilities

Chairman: J. B. Olsson, The Brooklyn Union Gas Company, Brooklyn, New York.

Co-Chairmen: J. R. DiJulio, City of Seattle, Department of Lighting, Seattle, Washington.

J. A. Lopez, The Pacific Telephone & Telegraph Company, San Francisco, California.

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stitution and Bylaws

REPORT OF RESOLUTIONS COMMITTEE

9:30—Panel Discussion, "Cooperating for Better Service"

Moderator, Howard G. Chilton, Credit Bureau of Greater Fort Worth, Fort Worth, Texas, President, Associated Credit Bureaus of America

10:30—"Credit—Its Evolution and Romance Through the Ages"

Donald M. Messer, Vice President and Treasurer, Dohrmann Commercial Co., San Francisco, California, Immediate Past President, National Association of Credit Men

11:15—ANNUAL AWARDS

Mrs. Mabell Bliss, President, Credit Women's Breakfast Clubs of North America

Introduction of Officers, Credit Women's Breakfast Clubs of North America

International Achievement Awards

Harold A. Wallace, Executive Vice President, Associated Credit Bureaus of America, St. Louis, Missouri

Introduction of Officers, Associated Credit Bureaus of America

Membership Awards

Lindley S. Crowder, General Manager-Treasurer, National Retail Credit Association, St. Louis, Missouri

12:15—INTRODUCTION OF OFFICERS, NATIONAL RETAIL CREDIT ASSOCIATION

ANNOUNCEMENTS AND ADJOURNMENT

Educational Exhibits

Addressograph-Multigraph Corporation
Farrington Manufacturing Company
Office Expediters, Inc.
Olivetti Corporation of America
Recordak Corporation
Remington Rand, Inc.
TelAutograph Corporation
Visirecord, Inc.

CREDIT DEPARTMENT *Letters*

LEONARD BERRY

EVERY LETTER that is sent from the credit office must accomplish two principal purposes. It must *tell* a message and it must also *sell* the reader on the friendliness and the integrity of the firm. Both purposes are equally important. The letter must first create a favorable atmosphere for the reception of the particular message. A good "opening" therefore, is essential. The opening of the letter is the golden, but fleeting, opportunity to make a good initial impression and thus prepare the ground for the reader's acceptance of whatever comes later in the communication.

Customers coming into the credit office are almost sure to receive friendly smiles and cordial handshakes, or at least, they should. The "opening" of the letter takes the place of the smile and handshake. Surely the opening should be friendly and positive.

Most letters mailed by the credit office are collection letters and thus can be considered "bad news" letters. They have a most difficult job to perform. The objective is to secure the *willing* cooperation of the customer in payment of the account. In collection letters, above all, the ground should be prepared and the customer cordially greeted in the very beginning.

Yet the majority of collection letters swing into offensive action almost with the first sentence. The thunderbolts come crashing through without any softening preliminaries with the inevitable result that the reader is upset and angered with the chances of securing favorable action that much lessened.

Here, for example, is the opening sentence of a collection letter we read recently, *We have made many requests for payment of your delinquent account and your failure to respond is very disappointing. You have not kept your word. We must take strong action to enforce payment.*

Admittedly the letter was sent to a customer whose account was seriously in arrears. But, if that customer had come into the store personally to discuss the account do you suppose the conversation would begin so abruptly? Of course not. The chances are that a friendly greeting would precede the discussion of the account.

An excellent rule to follow in letter writing is to lead gently into "bad news" letters. Start the letter with something pleasant and agreeable; something the customer would like to read.

For example, in handling the ever present partial payment problem, one letter in our files begins *We regret that we have been unable to secure any cooperation from you in maintaining your account according to our required policy.* That certainly is a negative, cold and scolding approach. By contrast another partial payment letter started with *Your partial payments on your account show a splendid spirit of cooperation and for that we thank you.* Surely the effect on the customer of the second approach would be more beneficial and good will building than the opening used in the first instance.

In every business letter there is something about the situation that we can turn to advantage; some approach or comment to the customer's benefit or interest. Magic words that make the customer feel we are interested in him and not primarily in ourselves.

The opening sentence of the business letter is vital. The success of the message of the letter depends largely on the *selling* preparation that has preceded it. A good opening is half a good letter.

This Month's Illustrations

Illustration No. 1. Here are shown six printed collection notices used by Hochschild, Kohn & Co., Baltimore, Maryland. These notices provide a splendid example of the growing use of such inexpensive, impersonal reminders in collection work. When the cost of the usual fill-in form letters and the necessity of having them prepared by a more or less experienced typist is considered, the advantages of these easy-to-use forms are apparent. Time and care can be spent on the wording of these notices to ensure the most effective presentation of the matter. The notices shown here are designed to cover several collection situations and provide for various stages of past-dueness.

Illustration No. 2. This collection letter is used by the Hecht Company, Baltimore, Maryland, in the late stages of the collection procedure. It offers the debtor an invitation to come in and talk matters over before final drastic action is necessary. The phrase in the last paragraph is particularly good. *Where sincere intentions exist there is always a way to reach an agreement satisfactory to both parties. . . .* That puts the responsibility squarely on the debtor to search every possible avenue of amicable settlement.

Illustration No. 3. Another group of printed notices. These are used by Stewart's, Baltimore, Maryland, and were selected because they demonstrate the versatility of printed notices in credit department communications other than collections. Each of the three notices is an acceptance of an application for an account. The first one for a Budget Account; the second for a monthly charge account, and the third for a Household Club Plan Account. These forms are of the fold-over type with the wording as shown on the inside and the store's characteristic signature (not shown) on the front. They are printed in soft pastel shades which gives them color attractiveness and presumably also makes easier selection of the appropriate form in the credit office.

(1)

A friendly reminder . . .

Our business, like any other sound business, depends on the complete cooperation and friendly understanding between this store and our customers.

We note that payments are not being made on your account, and are wondering whether there is anything we can do to help matters.

Won't you give us the opportunity to be of service to you?

Sincerely yours,

HOCHSCHILD, KOHN & CO.
Department of Accounts

Thank you . . .

very much for the recent payment on your account. Perhaps you were not fully aware that the remittance you sent does not cover the amount which is past due.

As you may recall, our terms call for a payment once each month. We hope you will make the necessary arrangements to bring the overdue portion of your account up to date.

Your prompt attention will be appreciated.

Very truly yours,

HOCHSCHILD, KOHN & CO.

Forget us?

We surely hope not.

Your usual promptness in the settlement of your account will be appreciated.

Very truly yours,

HOCHSCHILD, KOHN & CO.

Tempus fugit . . .

Time flies.

Time does move at a rapid pace. We have not received a payment on your account for quite a long time.

An early reply will be welcomed.

Very truly yours,

HOCHSCHILD, KOHN & CO.

No news - Good news?

Our several communications regarding your account surely must have been overlooked.

We hope it is now convenient for you to favor us with a payment in settlement of your present balance.

Very truly yours,

HOCHSCHILD, KOHN & CO.

Remember our agreement . . .

Our records bear the notation that you promised to make payment on your account.

We have not received the past due remittance or any word regarding a change in plan.

May we have this payment promptly?

Very truly yours,

HOCHSCHILD, KOHN & CO.

ANNAPOLIS BALTIMORE EASTON

The Hecht Co.
BALTIMORE · 1

(2)

May 15, 1954

Mr. John C. Customer
000 Main Street
Baltimore, Maryland

Dear Mr. Customer:

Your account has been referred to me by our Collection Department for permission to enter suit, but before authorizing such action I would be glad to have you either call or communicate with me by telephone.

I am unwilling to believe payment of your account is being arbitrarily withheld, and if conditions just at this time prevent its settlement, why not call and afford me the opportunity of discussing the matter with you?

Where sincere intentions exist there is always a way to reach an agreement satisfactory to both parties, and I shall hold the matter in abeyance for ten days, trusting to hear from you in the interim.

Very truly yours,

The Hecht Company

R. L. Bruchey
General Credit Manager

(3)

YOUR SHOPPERS' BUDGET ACCOUNT HAS BEEN ARRANGED AS YOU REQUESTED AND IS READY FOR YOUR IMMEDIATE USE.

A CHARGAPLATE WILL BE SENT TO YOU IN A FEW DAYS—OR, IF YOU ALREADY HAVE ONE, WE WILL BE GLAD TO ADD OUR NOTCH IF YOU WILL BRING IT TO THE CREDIT OFFICE ON THE SIXTH FLOOR.

THANK YOU FOR THE OPPORTUNITY TO SERVE YOU ON THIS CONVENIENT PLAN WHICH WE HOPE WILL MAKE YOUR SHOPPING HERE A PLEASURE AND CONVENIENCE FOR MANY YEARS TO COME.

Stewart's

WE ARE HAPPY TO WELCOME YOU AS A MEMBER OF OUR HOUSEHOLD CLUB PLAN.

AT YOUR PLEASURE, WE WILL BE PLEASED TO MAKE ARRANGEMENTS FOR ADDITIONAL PURCHASES TO THIS ACCOUNT.

SHOP STEWART'S FIRST! WE SHALL STRIVE ALWAYS TO SERVE YOU PROMPTLY AND SATISFACTORILY.

Stewart's

WE TAKE GREAT PLEASURE IN WELCOMING YOU AS ONE OF OUR REGULAR CHARGE CUSTOMERS, AND YOUR ACCOUNT IS NOW AVAILABLE FOR IMMEDIATE USE.

WE SHALL STRIVE ALWAYS TO SERVE YOU COURTEOUSLY, PROMPTLY AND SATISFACTORILY, SO SHOP STEWART'S FIRST!

IF YOUR CHARGA-PLATE HAS NOT BEEN NOTCHED FOR STEWART'S, YOU MAY HAVE IT DONE QUICKLY AT THE CREDIT OFFICE ON THE SIXTH FLOOR.

Stewart's

CREDIT FLASHES

San Francisco Awaits You

The twin rivers of the Sacramento and San Joaquin Valleys meet midway in the State of California to make a united thrust westward and the walls open on the great natural harbor, San Francisco Bay. Enthroned on the southern side of the Golden Gate, guarding the harbor, is the city of San Francisco.

Whether you travel by air, land or sea, one of the first things you see is the bridges which command the approach to the city. I like to think of them as two great arms reaching out to welcome you and draw you to the heart of the city. Perhaps this is your first visit or maybe you are returning to scenes of treasured memories. We do know you are going to enjoy yourself.

In our city there are *musts* made so by habit, custom or tradition. Many of them have been included in the plans of the Conference Committee and incorporated into the program. Regardless of your interests—whether it be the glorious view from Telegraphic Hill; the beauty of the Japanese tea garden in Golden State Park; the Cliff House near by; the great piers, etc.—just take your choice.

The members of the Credit Women's Breakfast Club of San Francisco look forward with honor and pleasure to your visit in our shining city. We extend our warmest welcome. Come and discover for yourself the dozens of delights that await you.—Mrs. Evelyn Holmes, President, Credit Women's Breakfast Club of San Francisco.

Life Membership for W. H. Gray

Shown below, on the right, is W. H. Gray, Secretary, Credit Bureau of Cleveland, Cleveland, Ohio, receiving from his son, Gordon W. Gray, honorary life membership in the National Retail Credit Association. The presentation was made at a recent luncheon meeting at the Mid-Day Club. Mr. Gray has had 37 years of service with the Bureau and his son 23 years, making a total of 60 years of outstanding credit leadership.

Coming District Meetings

District Ten (Alaska, Idaho, Montana, Oregon, Washington, Alberta, British Columbia and Saskatchewan, Canada) and ***District Eleven*** (Arizona, California, Nevada and Hawaii) will hold a joint annual meeting in conjunction with the 40th Annual International Consumer Credit Conference of the National Retail Credit Association, The Fairmont Hotel and The Mark Hopkins Hotel, San Francisco, California, July 19, 20, 21, and 22, 1954.

Revised Domestic Money-Order Form

The following minor changes have been made in the printing on card money-order forms currently being distributed to postmasters:

1. The word "Remitter" on the face of the order, as well as on the back of the receipt, has been changed to "Purchaser."

2. Under the fourth line on the order the words, "Purchaser—Please write your address here," have been inserted.

3. The printing on the back of the order relating to endorsements has been rearranged to eliminate the need for hyphens.

Employees issuing money orders should adopt the practice of encouraging the *purchasers* of money orders to write *their addresses* on the line provided therefor. Many instances come to our attention where money orders, particularly those sent to utility companies, insurance companies, Government agencies, and others are credited to another person having a name similar to or identical with the purchaser. If the purchasers' addresses had been written on the orders before mailing, these errors in applying credit would not have occurred. Also, the purchaser would have been spared the subsequent annoyance and the Postal Service would not have had to handle the inquiry arising from the transaction.

A placard in large type to be prominently displayed at the money-order window may further this program. Until these forms have been made available by the Department, postmasters may prepare such placards locally where practicable. They should read substantially as follows: "PLEASE WRITE YOUR ADDRESS ON MONEY ORDERS BEFORE MAILING."—*Postal Bulletin, April 20, 1954.*

NOTICE

To Local Association Secretaries:

It is frequently advisable to communicate with the President and Secretary of Local Associations. This information is missing in many instances.

Will you please forward us the names of the Officers and Directors of your Association, together with the name of the firm and address. We should also like the month in which your annual meetings are held.

Trends in New England Economy

On April 20, 1954, the Retail Credit Association of Boston held its regular meeting to hear Jarvis M. Thayer, Jr., Manager, Research Department of the Federal Reserve Bank of Boston. His subject was "Recent Trends in the New England Economy" about which he spoke to the credit men and women substantially as follows:

"Today nearly everyone is concerned over the business outlook for the next few months. We are going through a critical period of the current contraction in which the various economic indicators are being closely watched for signs of a change in the trend of business. There are few issues of newspapers, business magazines, or trade publications which do not contain some forecast of business prospects.

"For the past nine months, we have been going through a downward adjustment from a period of record consumer buying and heavy defense procurement to one of somewhat reduced demand for both civilian and military goods. Much of the decline in business in recent months has been the result of efforts to reduce inventories to a level more in line with sales.

"Despite these declines, there have been many strong points in the economy which have tended to slow the rate of recession. In general, the New England economy has followed the national pattern but in some respects the region has posted a better record than the country as a whole. In the first two months of 1954, continued unemployment insurance claims rose 57 per cent in New England while in the United States they advanced 85 per cent.

"New England's record of business failures has been better than the nation's. Construction activity has continued high in New England. Department store sales in the region fell off in January after a record Christmas season, but recovered in February to the highest seasonally adjusted level since October, 1952.

"In recent months, New England consumers have relied less upon installment debt to finance purchases than during most of the post-war period. Data on collection ratios from department stores show no significant slowing down in collection. In general, current business indicators suggest that the rate of business decline is slowing. What happens in coming months may well depend on the strength of consumer demand for goods.

"There are many indications that today's consumer is highly price conscious and will buy when he thinks prices are right. Business has entered a highly competitive phase in which manufacturers are working to trim costs and to increase the appeal of their products to the consumer. Personal income after taxes is only slightly below the peak levels of last summer and is well above the level of the first quarter of last year. Consumers in general, therefore, have the means to maintain a high level of spending and to carry a continued large volume of instalment debt. Because of the important part that consumer credit has played in supporting consumer spending in recent years, it is essential that ample lines of credit be kept available to consumers to meet any upturn in demand for durable goods. The Federal Reserve System has taken numerous steps in recent months to bring about a condition of active ease in the over-all supply of credit. Banks and businessmen can help by encouraging the extension of credit for consumer needs on a sound basis with due regard, of course, to the financial status of the individual borrower.

"The prevailing outlook among economists and business analysts seems to be more optimistic at the present time than it has been for several months. The majority foresees a period of relative stability for the immediate future with perhaps a slight downward drift but with a moderate upturn in business possible in the last half of the year."

Bosses' Breakfast at Palo Alto

The Credit Women's Breakfast Club of Palo Alto, Palo Alto, California, held their annual bosses' dinner on St. Patrick's day, March 17, 1954, with 92 members, bosses and out-of-town guests in attendance. Among those present were: Clarence Parks, Manager, Palo Alto Credit Bureau; Charles Benson, Vice President, Retailers Credit Association of San Francisco; J. A. Lopez, President, Associated Retail Credit Men of San Francisco; William Bradley, San Francisco, Past President, District 11, N.R.C.A.; L. G. Williams, Vice President, Associated Retail Credit Men of San Francisco; Sam Snyder; Evelyn Holmes, President, Credit Women's Breakfast Club of San Francisco; George Peacock, Manager, San Jose Retailers Association; W. Samuels, Building Material Dealers of San Jose, and Mrs. Samuels; Len Griffith, Sunnyvale; Vera Stevenson, Redwood City Credit Women's Breakfast Club; Earl Carlsen, Manager, Hanford Credit Association, and Mrs. Carlsen; and Mrs. Cary Stacey, Anglo California National Bank, Treasurer, Golden West Council, Credit Women's Breakfast Clubs of North America.

Shown in the picture below, left to right, Jess Sammon, Songmaster, discussing the program with Mrs. Olive Wiley, President, Credit Women's Breakfast Club, and Robert Wiley, Collection Manager, Palo Alto Credit Bureau.

Items of Interest From the NATION'S CAPITAL

JOHN F. CLAGETT, Counsel, National Retail Credit Association, Washington, D.C.

Wage-Earner Cases Under Chapter XIII of the Bankruptcy Act: The following tabulation is made up from the official "Tables of Bankruptcy Statistics" for the fiscal year ending June 30, 1953, as published by the Administrative Office of the United States Courts, Washington, D. C.

New Cases Filed:

Voluntary straight bankruptcy	29,815
Chapter XIII (voluntary)	8,670
Other voluntary filings (Chapter X, XI, etc.)	521
Involuntary straight bankruptcy	1,064
Other involuntary (Chapter X)	17
Grand total—all cases	40,087
Sub-total:	
Voluntary—all classes	39,006
Voluntary—by "employees"	31,253

Percentage Analysis:

A. Cases filed by "employees" (31,253) amount to 77% of all cases (40,087); 80% of total voluntary cases (39,006).

B. Chapter XIII cases (8,670) amount to 22% of all voluntary cases (39,006); 27% of total cases filed by "employees" (31,253).

C. Chapter XIII cases filed in Alabama, Tennessee, Missouri and Kansas (8,478) amount to 97% of all wage-earner cases (8,670).

Administration's Lending Program for Small Business: The *Congressional Record* for May 13, 1954, states that the Select Committee on Small Business met to question Wendell B. Barnes, Administrator, Small Business Administration, on the lending program of SBA. Mr. Barnes indicated that the agency was "trying to clear up the present backlog of pending loan applications . . . the SBA had received 1,562 applications from October 1, 1953, through May 11, 1954, and had approved 317 of the 781 applications reviewed to date. A total of $18,612,260 has been lent to date under the Small Business Act of 1953."

Philco's Financial V. P.: An optimistic view was taken several weeks ago when Philco Corp. vice-president, Courtnay Pitt, told the American Bankers Assn.'s National Installment Credit Conference that a higher percentage of TV-appliance sales is being financed now than at any time since the war. He predicted 6,000,000 TV set sales in 1954 and said that inventories are down to a good working basis.

He also indicated that Philco expects 50% or more increase in consumer sales of air conditioners over 1953; that refrigerator sales should be as high as last year; home freezers slightly better; and electric ranges up 10%. As evidence that a trend to automatic home laundry equipment will continue, he cited 44,000,000 wired homes but only 2,500,000 automatic dryers as yet.

To Promote Economy and a Better Understanding of State Relations: On July 10, 1953, two kindred laws were signed by the President. One created the "new" Hoover Commission to *"promote economy, efficiency, and improved service"* in the conduct of the public business by Federal departments and agencies. Its "comprehensive report" is due on or before Dec. 31, 1954.

The other established a Commission on Intergovernmental Relations to study "all of the present activities in which Federal aid is extended to State and local governments, the interrelationships of the financing of this aid, and the sources" thereof. As this Commission was directed to submit its final report not later than March 1, 1954, the Congress has extended this date to March 1, 1955.

A new Chairman, Myer Kestnbaum, of Hart, Schaffner, and Marx, was named on April 21, 1954. At this time 10 "state impact studies" are going forward. Seven of these are being conducted by private research firms and three on a voluntary basis by universities and the Frederick Bird Commission set up by Governor Dewey to study the same questions in New York. ★★★

"The Promises"

(Beginning on Page 4.)

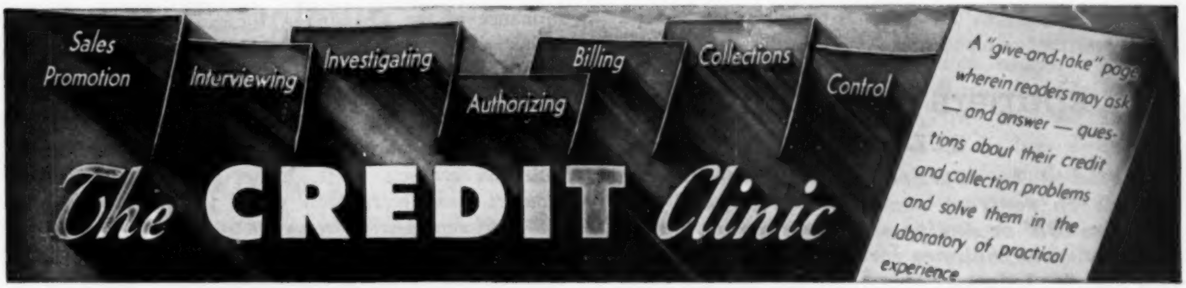
instead of a recent $27.5 billion without exceeding a ratio of 31 per cent of discretionary spending power, the relationship that existed in pre-war 1940.

As part of his interesting presentation "The Consumption Viewpoint," Mr. Johnson examines "growth pressures" that point to substantial improvements in our living standards over the next few years. This means a still larger growth for consumer credit.

Certainly then, any public misunderstanding of consumer credit which hinders and harms higher possibilities for sales development in such a market should engage the attention of all business groups.

Only borrower's income and credit acceptability limit the possibilities of the credit market, and today's levels of credit sales development are by all measures a long way from such limits.

Development of the credit sales market has special significance now when optimum profit depends so much on full activity. In any business the credit market is the top sales market, thus it is the highest profit market.★★★



Jewelry

QUESTION

Is it sound procedure to extend longer than one year's time on jewelry items?

ANSWERS

Alexander S. Kerby, Pittsburgh, Pennsylvania: There are three general groups of customers and in each group there are three types. Assuming that we are selling the average type in the average group, the answer could be *yes* or *no*. One must exercise common sense depending upon the article sold and the circumstances under which it is sold. For a store with a more or less conservative policy adhering to sound principles and fair markup, rarely is it practice to extend terms on jewelry beyond twelve months and then only when there is a substantial down payment. It is necessary that credit policies and terms be on a basis which do not discourage customers from buying. However, policies and terms should not be so loose as to invite excessive losses. Your business must be financially strong enough to carry your own outstanding accounts. Sales volume, if resulting from a long-time-to-pay policy, must be controlled according to ability to carry these outstanding accounts. Bear in mind that inventories must be replaced; suppliers will carry you for a reasonable length of time; but when it becomes necessary to go to the bank to borrow on outstanding receivables as a result of granting credit loosely and extending terms longer than one year for the sole purpose of outselling your competitors, jewelers beware. Abnormal times do not go on forever. If you were alert to the present conditions six months ago and proceeded on a sound policy, being located in an industrial city, your collection problems should not be too serious. Those of you who continued the same policy you had in effect during the inflationary period when industry was working full time, plus overtime, and when the jewelry industry enjoyed practically no buying resistance on the part of the consumer providing the terms were low enough and long enough and have borrowed on your outstanding, are in serious trouble. Collections and sales are not too good. Last year steel was operating at 103, during the latter part of April at about 68. There is some indication of a pickup this fall. On this slight indication would you, in order to make a sale, extend credit longer than a year to a customer employed either directly or indirectly from which his payments depend upon the mill being operated? Road signs are placed along the highways to alert the motorist in the safe operation of his car. When you are selling jewelry you are not selling hard goods. So let this question be a business sign placed along the road of operation and proceed with a sound policy for the next six months. Operate on a sound business basis. Do not reduce down payments and lengthen terms just to secure volume. Do not increase outstanding beyond the amount you are financially able to carry. Follow up past-due accounts more frequently. Screen credit applications a little finer. Do not take too many borderline accounts for at least the next ninety days, especially if your store is located in a highly industrial area. For the majority of jewelry items sold, it is not sound procedure to extend time over one year.

Harry M. Meisman, Mermod-Jaccard-King Jewelry Company, St. Louis, Missouri: Looking back a few years we find our $5.00 to $20.00 payments per month customers would make the regular payments then pay the balance ahead of time. At the present time this is not true. They are taking the full time and longer. This indicates the current lay-off and that overtime pay is reduced. Our economic condition is sound although we are in a leveling-off period. We realize we are going to have to budget our customers as to what they can pay per month and if the payments run over a year we are going to have to go along with them.

Julia Newman, Lemon & Son, Louisville, Kentucky: It is not sound procedure to extend longer than one year's time on jewelry items. Our experience has been that "necessity" is also the "mother of policy" and has more governing influence than almost any other factor. However, our customers, with few exceptions, have been content with our regular ten-month plan and we find no reason to extend the time limit even to twelve months at this time.

J. E. Willis, Jr., Arthur A. Everts Co., Dallas, Texas: The success of any jewelry store depends upon customers being kept open to buy. The time for the majority to be open is during the Christmas selling season. We do more of our business at this time of the year than in any other group of months put together. Most of our customers are once-a-year purchasers. They do not buy a diamond ring or fine watch every month, nor do they buy a service of fine china or silver. Therefore, in our most lucrative selling season, they must be open to buy. If we should extend terms beyond twelve months it would not be sound procedure because when we hit our selling season customers would not be in a position to buy. We must not burden them with extended payments when by increasing that payment just a little the account will pay out in twelve months. And then that customer is ready for another purchase. We sell a much larger amount of merchandise to paid-out customers than we do to add-ons. Add-on business is good business but your most lucrative sale is to the paid-out customer. We here in Dallas in the jewelry business do not charge any interest or carrying charge, there-

fore, it is greatly to our financial benefit not to extend terms over twelve months.

Newspapers and Publishers

QUESTION

Would it be practical to eliminate ledger records on contract accounts and depend entirely on IBM or similar machine records, showing only name, balance forward, credits, debits, and E.O.M. balance?

ANSWERS

Henry G. Baker, The Oklahoma Publishing Company, Oklahoma City, Oklahoma: Volumes could be written about machine billing. Here is the way it is used in our organization. We have been operating without a ledger record on classified contract accounts and all display accounts since July 1, 1950. A few days after the monthly accounts are billed, the I.B.M. runs a ledger, listing the advertiser's name, address, account number, balance forward, which may be for several months, credits, current charges and the balance due. We immediately "age" all balance forward accounts that are not balanced out by credits, showing amounts due by months in the accumulated total. Our Accounting Department checks and mails all monthly statements. If mistakes are found, the I.B.M. cards are corrected before running the ledger. All incoming cash is received by the cashiers as they have a copy of the ledger where the information is turned to the I.B.M. and credit cards are made and a cash report is run and sent to the credit department. It is posted to the ledger by using a small date stamped by the amount paid. Notations of partial payments are made and posted in the same manner. The cash report should reach the credit department the same day the checks are received, but it is not unusual for it to be several days late, as the I.B.M. is used for many other purposes. All calls requesting information on the accounts are referred to the Accounting Department, as we have no detailed information as duplicate bills in the credit department. We are about like a horse with blinders on—we know how much they owe, but we do not know when it ran or in which of our three papers. We do not have the benefit of the complete picture the ledger card provided. Requests for information from credit bureaus are obtained by going back through the ledgers month by month. We are operating without ledger records but the picture is not what it used to be.

A. W. Blieszner, The Pittsburgh Press, Pittsburgh, Pennsylvania: We have come a long way from the bookkeeper sitting on a tall stool who handled credits and collections in his spare time. Accounting in most cases has been divorced from the credit profession and modern accounting machinery, including even electronics, has taken over doing a more efficient, accurate, and time and money-saving job in record keeping. This is fine, but meanwhile this business of extending and collecting credit has also grown to the point where the modern credit manager must also be a trained specialist, armed with the proper information on his accounts to do an efficient job. If the ledger record is eliminated, certainly some other collection record reflecting the performance of the account for the past year or so must be instituted. How else can the credit and collection departments quickly see the past performance on any account? How can they ascertain how old the balance carried forward really is? How would they keep a record of such pertinent information as the dates and number of collection contacts made, names of people contacted, promises made, etc? How would they be able to give credit references when requested? ANPA requests the ledger experience from the past year. The main factor to be considered in the elimination of the ledger record is the expense of installing and maintaining a subsequent collection record, which to the credit and collection department is an absolute must. A system has been devised where a duplicate invoice is furnished each month to the credit and collection departments and these are filed in a separate folder for each advertiser. While it is possible to "dig" for the information needed for credit and collection purposes, it is rather time-consuming and poses a filing problem. The files soon become cumbersome, through growth in accumulating at least one year's experience and the whole system is very awkward to say the least.

H. E. Hull, The Detroit News, Detroit, Michigan: I am not in a position to express an opinion on the use of I.B.M., or similar machine operations for handling accounts receivable records, as my personal knowledge of these systems is extremely limited. I do know that at the Advertising Media Group meeting held in connection with the National Association of Credit Men's Convention in Houston, Texas, in 1952, the question was asked as to how many of the members present were using I.B.M. There were several and the next question that was asked was "How many of you like it?" The answer was an emphatic "no one." The consensus seemed to be that the identity of the individual accounts was lost and notation of transactions which frequently are made on ledger pages are impossible under this system. Not long ago, I asked this question of the credit manager of a Cleveland newspaper who has used this system for several years. While admitting that it greatly accelerates the posting of charges, or cash, he still preferred regular ledger sheets. I realize that the I.B.M. people may have answers to certain specific complaints but from my limited knowledge of the operation, I would prefer to continue with our present ledger page system.

A. R. Peterman, Cleveland Plain Dealer, Cleveland, Ohio: I would definitely say that it would not be practical to eliminate the ledger records. A ledger card is the credit man's Bible and to do away with it would cause a great loss of time and information. We, in our own organization, have experienced the above situation and found it unsatisfactory and too costly. Without a ledger card it was necessary, if you wanted any credit information, to thumb through several pages in many different binders. If a customer called you on the telephone for information it was necessary to call him back as you did not wish to keep him waiting. With a ledger card you could give the information in a minute. If your present billing and accounting procedure does not give you a ledger card, it would be wise to create one yourself. Our final decision and analysis was to discontinue that type of operation and go back to what we had before, which gave us the ledger card.

Petroleum

QUESTION

What yardsticks are used in the selection of credit department personnel and what is the most effective training program?

ANSWERS

H. M. Barrentine, Skelly Oil Company, Kansas City, Missouri: The question of a yardstick to be used in selecting personnel is difficult and challenging. To help us in selection of credit department personnel in our company, we evaluate prospective applicants, employing a checklist of the following: appearance, education, experience, poise, capacity for promotion, perception, and attitude. We find that the applicant who scores above the average in this evaluation, usually develops as an outstanding employee. The question arises, how many cases are there in which this evaluation fails. There are cases where it seems to have led us afoul. We have concluded in those cases that "capacity for promotion" and "attitude" are the intangibles where perhaps the scoring failed us. What makes a credit executive sure that candidate "A," who has essentially the same qualifications as candidate "B," has the edge, that "A's" chances of success are better than "B's"? Despite all the methods and various personnel tests which have been developed to help, it still remains, at least partially, an intuitive choice. After the applicant is employed, the next important step is training to make the employees understand the reason for their job, and the importance of their job. This results in immediate increased good will, not only to the company, but to our customers, who make use of the employee's services, and this is good customer relations. Confused, unhappy or disgruntled employees cannot handle customers well, or do a good job. It is only the well-informed, happy employees who communicate sincerity and helpfulness across the desk or counter, to customers. Through supervisory control, on-the-job training, and weekly staff meetings, we teach the value of friendliness, well-thought-out letters, good telephone manners, helpfulness, and a pleasant attitude within and without the department. Most important of all, we stress salesmanship, and the value of customers to the success of our business, that maintaining customer good will means protecting a most important asset of the company. The credit manager's office door should always be open for counseling, both business and personal, suggestions, discussions, and when necessary, complaints. We find that in "talking out" problems and listening to suggestions, both employees and management gain. It gives the employee a feeling of being a real part of the department, with the company reaping the benefits of loyalty and work improvement. It is only when an employee understands our business, and understands the importance of his contribution to human relations, both within and outside the company, that he becomes valuable and ready for advancement up the ladder of success.

T. J. Fahay, Union Oil Company of California, San Francisco, California: The yardsticks we use are: personality, appearance, education, experience and ability to get along with people. Also, willingness to learn and to continue education along the lines suggested by the National Institute of Credit and the National Retail Credit Association, plus a willingness to work. We think the most effective training program is to outline carefully our objectives, how we think the job should be done, and then let the man do the job. Perhaps this is the trial-and-error method but we think a man learns best by doing. We check his work, advise as best we can, and gradually add to his responsibility until he is able to carry the entire responsibility for the work assigned to him. Coupled with this "learn by doing" method, we encourage and expect that the trainee will help his own progress by attending classes sponsored by the National Institute of Credit or the National Retail Credit Association.

J. D. Hartup, Standard Oil Company of California, Spokane, Washington: Credit department personnel must have an interest in credit work, the ability and desire to learn, and a liking of people. These are attributes which offer the potential that experience and an effective training program can best develop. Other factors such as prior business experience, particularly in credit or sales work; and education preferably with a college degree with a major in subjects like business or law, will complement these attributes and make the development easier. Any credit training program, to aid effectively in the development of credit personnel, must be a continuing program that recognizes no date of completion. There is no set pattern which can be accepted as the only way, or the best way, to do the job. Of primary importance is an awareness of what is available to use, and then, there is need for the initiative and interest which will insure its greatest exploitation. Advantage should be taken of "on-the-job" training. Develop in supervisors the ability, and stimulate their interest to improve the knowledge and abilities of those supervised. Broaden experience by job rotation to the extent that is practical. Take advantage of credit training and educational programs such as those sponsored by credit associations. Encourage interest in related fields like business management, marketing, personnel development, etc. Profit, too, from the experience of others in the same work, but outside of your own company. Add to this training what you develop as a result of your own careful thoughts on the subject of how you can best improve both yourself, and those you supervise, and your training program becomes complete.

William Stockton, The Atlantic Refining Company, Philadelphia, Pennsylvania: I have to look at this question from the standpoint of the petroleum marketer who is engaged not only in retail selling but in wholesale as well. I consider it desirable in selecting a candidate for credit work to secure a college graduate, who has majored in business and particularly has some accounting training. He should be under thirty years of age and have some experience in other departments of the company. Formal courses in credit given by local associations or universities are advisable; on-the-job training, first in retail collections and then in wholesale collection work. After this on-the-job training in retail and wholesale, credit approval would naturally follow.

Public Utilities

QUESTION

How liberal can we be with our customers:

a. *In relation to the times?*

b. *In relation to the credit and collection expense?*

c. *In relation to Customer Relations?*

ANSWERS

C. A. Burns, Union Electric Company of Missouri, St. Louis, Missouri: The extent to which a utility can permit past-due bills to accumulate, or permit accounts to remain unsecured, depends on several factors. The most important of these factors are:

1. A current "credit history" record of the account.
2. The stability of the population within the service area.
3. Type of industry in the area, whether highly specialized or diversified.
4. The economic outlook in general and, in particular, the outlook for the immediate area.
5. The credit and collection policies of the larger retail stores in the service area.
6. Continuous consideration for the prompt-pay customer since ultimately he pays indirectly for any losses.

Consideration of these points should provide most, if not all, the answers required to establish a general credit and collection policy. Beyond this point the policy needs to be implemented by careful review of past-due accounts, and the use of personal judgment in the selection of those to be accorded collection treatment. It is at this point that individual attention may be given each account, including a close scrutiny of the past history record, the neighborhood, class of service, etc.

During the past 14 years a great many changes have occurred within the service areas of almost all utilities. In some cases these changes have altered the general pattern of industry within the area, providing more diversification of products, and a stabilized population. In other cases the changes were due to production of war materials and, particularly since 1950, the influx of workers to the area has been followed by an exodus when the plants have curtailed production or have shut down entirely. Due to these changing times it behooves all credit men to review periodically the enumerated points; to reconsider the general policy; and to revise it if the results indicate it is necessary to do so. It is not possible, of course, to establish a similar pattern for all service areas. Experience indicates, however, that a general policy may be set up for any area if sufficient study is made. If this general policy is supplemented by the use of personal judgment we can be fairly certain that we will be as liberal as possible; that we will hold our credit and collection expenses to a reasonable figure; and, at the same time, we will maintain the best possible relations with our customers.

C. R. Clarke, The Brooklyn Union Gas Company, Brooklyn, New York: Considering that public utilities are one of the stable industries that investors find attractive even in times of general stress, we can afford to be more liberal than the usual retail or mercantile credit granters who may wish to trim sails at this time in anticipation of a continued recession. Supplies of natural gas are growing, and future commitments for even larger supplies point to a continuation of this policy. Sales promotion through intelligent credit policies will play no small part in this expanded program. There is no intention on our part, therefore, to embark on any indiscriminate protective program of more and more security deposits to the detriment of sales. Such a program, while reducing expense on the credit side, must of necessity increase expense on the collection side. This is as it should be, and certainly enlightened company policy will anticipate an increase in collection costs. Customer relations and sales promotion should be synonymous. Certainly no sales department can pitch the team to a win if the other players boot too many chances. The credit and collection department will get many more chances than the others. If we make each play properly when the ball comes to us, customer relations will not become a matter of liberality or its lack, but of what is right and proper at the time and to the situation at hand.

R. B. Mitchell, The People's Gas, Light, and Coke Company, Chicago, Illinois: The first part of the question, which pertains to the present economic condition, should be of little concern. Reviewing the various data used as barometers of conditions across the country, you cannot help but recognize that our basic economy is dynamic and the current dip will level off when economic forces again come into balance. If there is any merit to this analysis, then any of our customers experiencing temporary reverses will appreciate kind, considerate treatment when their utility bill becomes past due. Most people are honest and will pay their obligations. The problem is a matter of timing. We set arbitrary limits beyond which an account becomes past due and we demand our money. The small percentage of customers who become "slow pay" during periods of economic adjustment does not warrant a tighter collection policy. I am certain we will be rewarded by seeing them through their crises. The second part of the question is a sound one. Every additional operation we undertake in an effort to collect past-due bills increases the cost per dollar collected. Labor costs are increasing to such an extent that adding collectors is prohibitive. Therefore, we turn to other means of collecting; such as notices, letters, and telephone calls. These, too, are expensive, but are effective and seem to be more acceptable to the customer. The collectors now employed can be used most effectively in chronic collection cases, those folks, good times or bad, who just cannot budget their income. Naturally, collectors or turn-off men are needed for these cases in order to enforce a turn-off demand notice. The last part of the question is the most pertinent. Some of our executives in the utility industry have stated in the "early thirties" we lost the good will of millions of customers needlessly because of turning off service for relatively small past-due bills. Salesmen and customer relations people are constantly encountering difficulties with folks who will never forget how they were treated when they needed help the most. All of the explanations will not erase the memory of cold meals and kerosene lamps. Government ownership of utilities received its biggest boost in this period. Looking back, most credit people admit being panic stricken and state they would not be bitten by the same bug again. If we

are to continue to grow as an industry we cannot afford to have the growth stunted by ill-timed, shortsighted credit and collection policies. While our dollar losses are steadily increasing, our sales have also increased, and the ratio is still within acceptable accounting standards. In my opinion we cannot afford to be anything but liberal with our customers.

General
QUESTION

To what extent are outside collectors now used and do results justify the expense? Do such personal contacts build good will?

ANSWERS

H. L. Achenbach, Merchants Ice & Coal Co., St. Louis, Missouri: In our business we feel that a collector is unnecessary and would be an additional expense in the collection of our accounts. Our credit terms are liberal, being thirty, sixty and ninety days. These terms are explained to the customer and we have an understanding as to how payments should be made. With higher incomes these past years, most customers have banking accounts and prefer to pay by check, or money order and would resent having a collector call asking for payment of an account. If a customer becomes delinquent a telephone call or letter will usually bring results.

Mrs. Una M. Pearson, Pearson's, Fort Smith, Arkansas: We have never given the consideration of an outside collector, other than the credit bureau, much thought. The retail credit bureau is the best outside collection agency. They can usually collect money if anyone can; and also, this furnishes a permanent record of the customer. The credit bureau will thus have a complete file on any account that might be referred for collection and know the circumstances. Other collection agencies are out to collect in any way possible. In order to insure future sales and keep good will we must collect in a tactful, diplomatic manner. I think that collection agencies, other than the bureau, should be used only as the last resort because when an outside collector takes over the account the customer is going to know that the creditor wants his money and he intends to get it even if it means getting the money and losing the customer. The expense of an outside collector is too great.

V. E. Rasmussen, Evergreen Cemetery Co., Seattle, Washington: Probably contrary to most firms, we do use an outside collector. Because of the personal nature of our business we have found it beneficial to employ an outside representative to assist in collections. In addition to our at-need business, we have an outside selling force to sell memorial property in advance of need. For the past several years we have hired a semi-retired gentleman who has had previous business and executive experience but who because of his age does not want full-time employment. He checks in at the office in the morning and we discuss calls he has made the previous afternoon and evening. In the middle of the day he does not, as a rule, make any contacts but concentrates on calls from four o'clock until nine in the evening, as we find this is the best time to find people in their homes and secure results. This part-time employment keeps the expense down. He furnishes transportation and we furnish gasoline and pay a monthly salary. We have checked carefully the expenses incurred in connection with this operation and feel the amount of remuneration and good will he brings to the company in connection with pre-need sales and the contracts he saves by wise counseling pay dividends. Personal contact definitely makes good will as an individual who is having troubles feels you are taking a personal interest and making every effort to assist in bringing their contract to a satisfactory conclusion. When payments are not made a reselling job is created and also a collection problem in cases of carelessness or neglect. If a representative of a firm can sit down in the home and discuss a contract with a purchaser who is in arrears he is in a much better position to get the facts. The purchaser probably would not pay any attention to letters or come to the office to discuss whatever problems might have arisen in connection with his difficulties as to why he could not or did not make his payments. When our representative is in the home he can determine to what extent the contract will be a collection problem and whether or not we should continue working on the contract ourselves or turn the matter immediately over to the collection service division of the credit bureau for their attention. We feel our outside collector supplements office effort and does not take the place of an outside collection service such as the credit bureau has to offer. We do not have our outside representative contact purchasers until they have had several letters and a phone call or two and have been given every opportunity to discuss the matter with us themselves. After personal contact has been made by our representative many purchasers will again pay by mail but there is always the individual who needs a continual reminder; that type of person will not send in payments. In such cases, by personal contact a definite pay date can be established and a time set for pickup of payments. We also find out through the representative if our salesmen are doing a good selling job and he is very helpful in correcting any misunderstanding which the purchaser may have in connection with his contract. The representative, by personal contact, is in a wonderful position to do a public relations job for the company.

W. W. Whatley, Hunt Grocery Company, Dallas, Texas: I have handled my accounts for collection myself unless no payments could be forced in; then I called upon my outside collector and he either would make a personal call to the debtor's home or office. My outside collector is not an attorney so he has to rely upon his tact, past experiences over a period of forty years, or any other method that seems to fit the particular case at that time. I find that my collector seldom makes a debtor angry and in a great number of instances he keeps the customer for me where in most instances the customer is driven away by a practicing attorney.

To do more business profitably, and to help locate "lost customers," always take a complete credit application from all new accounts and check these through your Credit Bureau.

Comparative Collection Percentages

April 1954 vs. April 1953

DISTRICT and CITIES	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						MEN'S CLOTHING STORES					
	1954			1953			1954			1953			1954			1953			1954			1953		
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.
Boston, Mass.	—	—	—	42.9	51.4	37.6	—	—	—	15.9	27.2	9.3	—	—	—	—	—	—	—	—	—	—	—	—
Portland, Me.	57.2	58.3	56.2	56.6	58.0	55.3	—	15.5	—	—	15.4	—	—	—	—	—	—	—	—	45.0	—	—	43.0	—
1 Providence, R. I.	48.0	54.9	44.8	50.3	54.8	44.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Springfield, Mass.	64.2	66.7	61.8	60.6	62.2	59.1	23.7	27.6	19.8	22.3	23.2	21.4	—	62.9	—	—	60.7	—	—	—	—	—	47.8	—
Worcester, Mass.	45.3	45.9	44.7	46.3	46.8	45.8	15.0	20.9	10.1	18.2	24.3	12.0	50.6	52.2	49.2	49.7	52.5	47.0	—	—	—	—	—	—
2 New York, N. Y.	49.5	54.9	38.5	45.8	55.2	37.9	14.8	24.1	11.4	16.5	21.6	14.9	42.8	46.8	39.4	41.0	44.2	40.0	50.9	53.0	48.7	51.2	53.2	49.2
Atlanta, Ga.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4 Birmingham, Ala.	40.1	47.9	35.7	39.9	47.5	36.2	17.4	22.8	14.4	16.6	20.2	14.4	40.8	46.6	35.0	40.4	47.4	35.7	49.2	52.9	46.0	48.2	48.7	47.7
New Orleans, La.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cincinnati, Ohio	53.5	57.5	50.1	53.1	57.5	51.0	14.5	19.9	10.9	16.2	20.7	11.4	59.5	67.6	51.5	60.0	64.0	56.0	—	48.2	—	—	54.2	—
Cleveland, Ohio	46.2	52.8	40.3	47.1	55.9	38.7	21.0	24.1	17.7	19.9	23.2	15.3	42.5	50.9	41.4	40.4	58.0	32.0	50.9	54.4	47.5	59.5	70.7	48.4
Columbus, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Detroit, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5 Grand Rapids, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Louisville, Ky.	43.0	49.5	36.6	44.9	45.6	44.3	16.2	18.3	14.0	17.1	20.0	14.2	45.5	46.9	43.5	44.9	48.4	42.2	44.8	48.7	41.6	43.4	49.4	38.0
Ottawa, Ontario	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Toledo, Ohio*	51.8	55.5	30.3	48.3	54.5	40.0	15.9	20.4	12.8	16.1	20.2	14.1	57.2	61.5	52.8	65.0	65.8	59.1	—	44.3	—	—	44.1	—
Milwaukee, Wisc.	58.3	61.2	50.2	51.7	60.5	51.7	15.2	16.3	14.1	18.5	19.0	17.9	55.8	61.1	50.6	49.9	54.8	45.0	54.3	61.8	44.8	53.7	69.6	40.9
Cedar Rapids, Ia.	—	—	—	57.4	61.4	53.4	—	—	—	16.5	17.9	15.1	—	—	—	—	76.0	—	—	—	—	62.3	64.0	60.7
6 Davenport, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Minneapolis, Minn.	54.8	64.2	42.0	55.9	63.0	47.9	14.8	17.3	13.1	17.4	20.6	14.9	46.8	59.5	34.1	47.1	54.8	39.4	46.1	50.1	41.7	52.9	61.8	46.5
Omaha, Neb.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7 Kansas City, Mo.	56.4	60.2	51.0	52.7	54.7	50.1	14.7	19.9	7.7	11.7	13.5	9.9	58.3	63.7	53.7	58.3	64.7	50.0	—	—	—	—	—	—
St. Louis, Mo.	54.5	55.2	53.8	54.7	57.4	53.0	19.1	20.7	16.1	19.0	21.0	16.5	—	57.1	—	—	51.4	—	47.6	53.6	40.3	45.8	49.8	43.3
8 Dallas, Texas	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Houston, Texas	53.6	56.2	51.4	41.9	54.5	34.5	13.3	14.7	12.0	12.1	12.5	11.7	48.4	49.9	46.9	47.9	48.6	47.4	54.9	53.2	56.6	49.4	53.5	45.3
9 Denver, Colo.	—	—	—	48.7	50.6	44.0	—	—	—	15.8	25.9	13.1	—	—	—	47.9	50.5	45.4	—	—	—	47.9	50.5	45.4
Salt Lake City, Utah	56.6	58.8	53.8	56.4	63.6	53.5	18.6	25.5	15.5	20.5	26.0	17.6	—	—	—	—	—	—	48.3	48.7	48.0	47.1	47.7	46.5
10 Spokane, Wash.	—	—	—	—	—	—	—	—	—	—	—	—	—	64.6	—	—	—	—	—	—	—	—	—	—
Vancouver, B. C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
San Jose, Calif.	58.1	62.2	53.1	55.0	58.6	43.3	17.8	19.6	16.0	17.9	20.3	15.4	55.3	60.8	49.7	56.4	61.4	51.4	—	—	—	—	—	—
Los Angeles, Calif.	59.2	63.5	50.5	54.0	64.9	48.0	—	—	—	17.6	25.9	15.3	—	—	—	—	—	—	53.0	67.9	42.0	51.2	59.7	44.9
11 Oakland, Calif.	57.3	64.5	56.0	56.3	61.4	54.4	15.7	20.9	14.2	19.1	20.2	14.9	58.5	64.4	52.5	58.3	62.2	54.3	—	53.5	—	—	52.4	—
Santa Barbara, Calif.	59.9	63.4	57.9	59.5	63.2	56.4	—	—	—	—	—	—	53.5	55.2	51.5	55.4	60.2	51.9	56.5	64.1	41.9	56.8	64.0	44.0
San Francisco, Calif.	55.3	61.3	49.7	52.5	59.4	48.3	15.6	16.8	14.1	16.6	19.9	16.0	46.7	49.3	44.2	43.5	49.5	38.3	48.0	48.8	46.8	46.0	48.2	45.7
Baltimore, Md.	46.8	50.5	41.4	44.5	49.8	38.6	16.9	25.6	12.7	16.3	22.4	11.5	41.6	52.0	34.4	39.8	51.5	27.0	39.7	41.2	38.2	37.4	38.4	36.4
12 Philadelphia, Pa.	42.1	51.8	35.8	42.9	49.5	37.0	11.5	13.4	10.2	11.7	14.1	10.8	41.8	47.8	29.5	45.2	50.1	39.3	—	—	—	—	—	—
Washington, D. C.	44.0	48.2	41.4	48.6	52.4	42.6	14.9	19.2	13.1	15.5	19.9	13.3	—	—	—	—	—	—	—	—	—	—	—	—

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• Figures for March.

INSTALMENT ACCOUNTS outstanding at department stores continued to decline during March. Balances at the end of the month were 3 per cent below the preceding month end, but were 6 per cent above a year ago. Instalment collections during March amounted to 15 per cent of first-of-month balances outstanding, 1 point above the February collection ratio and the same as a year ago. Charge accounts outstanding decreased 8 per cent during March, when some decline is usual. Compared with a year earlier, charge accounts were up 3 per cent. The charge-account collection ratio, 48 per cent, was 5 points above the February ratio and 1 point below a year ago. Sales of all types increased from February to March—cash and charge-account sales by 18 per cent and instalment sales by 22 per cent. Compared with a year ago, however, cash sales were down by 10 per cent, charge-account sales by 8 per cent, and instalment sales by 7 per cent.—Federal Reserve Board.

LOCAL ASSOCIATION Activities

Winnipeg Elects New Officers

At the annual meeting of the Credit Grantors Association Limited, Winnipeg, Manitoba, Canada, the following officers and committee chairmen were elected: President, William J. Thompson, T. Eaton Co., Ltd.; Vice President, Edward Argue, Hudson's Bay Co.; and Secretary-Treasurer, S. E. Masson, Credit Bureau of Winnipeg. Committee Chairmen: Education, Edward Argue; Publicity, Harold Genser, Genser & Sons Ltd.; Speakers, R. M. Horne, Winnipeg Supply & Fuel; New Members, R. D. G. Murray, Commercial Credit Corp.; Legislation, Karl G. Slocomb, Black & Armstrong Ltd.; Attendance, James Carberry, Public Finance Corp. Ltd.; Bureau, J. K. Morrison, Americana Corp. of Canada; Inter Association, Don G. Pearson, Hagborg Fuel Co.

Holyoke, Massachusetts

At the annual meeting of the Holyoke Retail Credit Association, Holyoke, Massachusetts, the following officers and directors were elected: President, Doris Stevens, A. Steiger Co.; First Vice President, Earl Duncan, Holyoke Savings Bank; Second Vice President, Robert Batchelor, Mechanics Savings Bank; and Secretary-Treasurer, J. Kenneth Lawler, Holyoke Credit Bureau. Directors: Mary L. Garrity, McAuslin & Wakelin; Stanley L. Clark, Peoples Savings Bank; Alice Moriarty, McLean Furniture Company; Edward Sancock, A. T. Gallup, Inc.; and Mrs. Caroline Saltman, Saltmans.

District Two at Atlantic City

At the annual meeting of District Two of the N.R.C.A. held at Atlantic City, New Jersey, March 7-9, 1954, the following officers and directors were elected for 1954-1955: President, Edward Gallagher, Lit Brothers, Trenton, N. J.; Vice President, Elsie M. Taylor, Williams Tire and Rubber Co., Troy, N. Y.; and Secretary-Treasurer, Russell Decara, Hurley-Tobin Co., Trenton, N. J. Directors: Joseph T. Struck, Flah & Co., Syracuse, N. Y.; Carl W. Liss, Carl Liss Appliances, Schenectady, N. Y.; Paul King, Union Fern Co., Albany, N. Y.; A. J. Perrez, Jr., Rochester General Hospital, Rochester, N. Y.; Earle A. Nirmaier, W. Wilderotter & Co., Newark, N. J.; Jean Lansing, Albany Hospital, Albany, N. Y.; Arthur K. Carmel, Industrial Bank of Schenectady, Schenectady, N. Y.; and Ethel Rogers, Industrial Bank of Schenectady, Schenectady, N. Y. National Director is Edward Gallagher, and Alternate National Director, Elsie M. Taylor.

Rochester, New York

The new officers of the Rochester Retail Credit Association, Rochester, New York, are: President, Maynard C. Lisk, Scrantom's, Inc.; First Vice President, J. Bilger Bronson, Rochester Hospital Council; Second Vice President, George E. Leadley, Rochester Credit Men's Service; and Secretary-Treasurer, Lee E. Pero, Credit Bureau of Rochester. Directors: Katherine Kennedy, Edwards & Sons; Jack Milligan, Lincoln Rochester Trust Co.; and James Nolan, Rochester Gas & Electric Corp. The Association made a net gain in membership of 20.7 per cent in the past year under the able leadership of Allen J. Perrez, Jr., retiring President.

Milwaukee, Wisconsin

The following officers and directors were elected by the Milwaukee Retail Credit Association, Milwaukee, Wisconsin: President, Francis J. Lukes, Ed. Schuster & Co.; First Vice President, Lyle Kamradt, Northwestern Acceptance Co.; Second Vice President, James P. Dowling, United Service Bureau; and Secretary-Treasurer, Fred S. Krieger, Credit Bureau of Milwaukee. Directors: Eugene P. Lecher, Credit Management Services; Clemens A. Lehnen, American Furniture Stores; Osborne Lysne, Wisconsin Electric Power Co.; Arthur B. Russell, Milwaukee Gas Light Co.; Margaret E. Sultemeyer, Smartwear-Emma Lange, Inc.; Charles Toupal, Gimbel Bros.; and Howard T. Welte, Credit Bureau of Milwaukee.

Evansville, Indiana

The Evansville Credit Granters Association, Evansville, Indiana, has elected the following officers and directors for the 1954 term: President, William A. Schenk, Jr., National City Bank; Vice President, Mrs. Esther Cotton, Grimm Planing Mill; Secretary, Helen McIntyre, Kruckemeyer; and Treasurer, G. Tom Davis, Credit Bureau of Evansville. Directors: Gus F. Spindler, Credit Bureau of Evansville; Luther B. Melton, Olshines; Thomas Everly, National City Bank; Florence O'Brien, DeJongs; Edward Poggemeier, Old National Bank; Charles Fischer, Schultze Lumber Co.; Alvin Weidner, Thrift, Inc.; and Jack Walsh, Evansville Morris Plan.

Kansas City, Missouri

The following officers and directors of the Retail Credit Association, Kansas City, Missouri, were installed for the ensuing year: President, George R. Elliott, Woolf Brothers; First Vice President, Harry R. James, Standard Oil Co.; Second Vice President, Cyril Jedlicka, City National Bank & Trust Co.; and Secretary-Treasurer, A. L. Dye, Credit Bureau of Greater Kansas City. Directors: E. Y. Worley, Sinclair Refining Co.; James L. O'Connor, Rothschild's; Harold F. Lancaster, Peck's; Patricia Smith, Shukert Fur Co.; Frank W. Turner, Home State Bank; Anna Mae Larrance, Harzfeld's; Orbert N. Reitz, Mehornay Furniture Co.; and Frances Somod, Greenlease Motor Co.

A Close Look at Canada's Century

Herbert H. Rogge
***President,* Canadian Westinghouse Company Limited**

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THE ECONOMY of this country, its great progress over the last few decades, its high productivity, and its high standard of living is dependent upon electrical power and the proper equipment to generate, to distribute and to use it. The electrical manufacturing industry has experienced remarkable growth since World War II and some statisticians have indicated that its output in ten years will be double what it is today and that it will employ 30,000 more people than at present.

While the industry is eager to keep abreast of the country's requirements, it is now experiencing the most brutal sort of competition both from the United States and from overseas. The spread between overseas wage rates and our own rates has widened substantially since before the war and it is going to be more difficult to compete.

While this has fallen with special impact on the electrical industry, it is by no means limited to that industry, affecting all machinery manufacturers and their suppliers of materials. In the last 15 years or so, as everybody knows, the Canadian economy has expanded faster than at any other time in history. We have attracted and kept more people; we have vigorously developed our raw material resources; we have created more employment, at higher real wages; and we have increased enormously the amount of electrical energy available.

Let us look briefly at these facts:

(1) Since 1939 our gross national product has slightly more than doubled in constant dollars. (Four and a half times in current dollars.)

(2) Since 1939 the value of goods produced in Canada's manufacturing industries has increased two and a half times in constant dollars. (Five times in current dollars.)

(3) In this same period, our population has increased only by one-third.

HERBERT H. ROGGE, President and Chief Executive Officer of the Canadian Westinghouse Company, joined the company in 1922 as supervisor at its Brooklyn plant in New York. He has had extensive experience in the Far Eastern Territory and in the United States. He was appointed President and Chief Executive Officer of Canadian Westinghouse Co., in April 1950. He is also a Director of the Bank of Toronto; a member of the Advisory Committee of the Royal Trust Company of Montreal, and a Director of the Canadian Electrical Manufacturers' Association. Mr. Rogge is a licensed professional engineeer in the state of New York, and is registered as a professional engineer in the Province of Ontario. The Canadian Westinghouse Company Limited was incorporated in 1903 and this year celebrates its Fiftieth Anniversary.

How could these great increases have been possible with so few additional people to accomplish them? The answer, obviously, is the growth of the manufacturing industries. For it is the nature of modern manufacturing that it makes use of electrical and mechanical power and all the resources of modern technology to create goods and products. It utilizes the forces and energies of nature to do man's work and uses man's skill, initiative, imagination and organizing ability to aid this production.

This has been the true nature of Canada's change in the last decade and a half. We have become increasingly industrialized. Our economy, based, as it is, on the enormous natural resources of our soil, our forest cover, our oil, gas, minerals, and hydro power, is primarily extractive in nature. The development of these resources has accounted for much of the spectacular amounts of capital that has been invested in recent years. No one will deny the great benefits accruing to our economy from this dynamic type of investment.

But were investment to stop with resource development, our economy would be purely extractive and we would only be suppliers of materials for others to process and turn into useful goods. Fortunately for Canada we have been able to use Canadian brains and skills and initiative not only to farm, mine, fish, drill, and cut timber, but also to make the end products of these materials.

This, in my opinion, is the principal direction of Canada's future, to produce more valuable, finished and semi-finished goods from our raw resources; to invest and re-invest the returns from labours in plants and industries and technology that will be able to support increasing numbers of Canadians in the years to come.

Many Canadians still think of their country's economy as being purely extractive, as suppliers to nations with superior manufacturing skills. This concept, however, true it might have been, is no longer so. The total income from agriculture, forestry, fishing, trapping, mining, quarrying, and oil wells, which is all the so-called extractive industries, amounted to \$3.3 billions in 1952 or only about 18.4 per cent of the total national income.

In the same year, manufacturing accounted for more than \$5.3 billion or nearly 30 per cent of the national income. The balance was made up of many other industries and trades, also related more to industry than extraction, including construction, transportation, retail and wholesale trade and finance.

This transition in the nature of our economy has been rapid. During a single generation Canada has changed from a country producing and exporting mainly primary products to a country producing and exporting mainly

processed or manufactured goods. This fundamental change in our economic pattern has given rise to new problems.

An industrial economy is a complex and, in some ways, a delicate sort of thing. It does not have the toughness and the degree of independence enjoyed by an extractive economy. The farmer on his farm, the mining operator of his shaft in the earth, the fisherman or the woodsman, are to some degree semi-independent units in the economy.

Because of this independence of each other, and to some extent of the national economic and political winds that may be blowing at the moment, an extractive economy has a certain resiliency, a resistance to external influences and a toughness that may be far less evident in an industrial one.

I am not building a tariff barrier around Canada. At the same time, I think industry must be afforded the protection necessary to safeguard our key industries. National trade policies are not made by individual companies, or by industries. They are made by government.

In January of this year the Dominion Bureau of Statistics reported that some 777,000 Canadians were unemployed. While this unemployment is partly seasonal in nature it is largely the result of industrial layoffs. What we need is a trade policy that provides equalization of opportunity for Canadian industry.

Government has at its command many means of arranging for such equalization of opportunity, of which tariffs are only one. Let us provide adjustments all along the line, to equalize Canadian industry's ability to compete, and at the same time give us an opportunity to maintain and continue the economic growth in which we have made such notable strides in the last fifteen years. ***

Positions Wanted

CREDIT MANAGER AND ACCOUNTANT: Change of ownership makes it desirable to seek new connection. Eighteen years' experience as Credit Manager, Corporation Secretary and Treasurer, Chief Accountant, Personnel and Office Manager, Assistant to the President, one of leading jewelry stores in Midwest city of over 500,000 population, nationally known as stocking the best of merchandise, catering to the better clientele. Responsible for approximately 75 per cent of annual volume of $1,000,000. Compensation 1953, $9,000. Address Box 6542, The CREDIT WORLD.

Credit or collection position desired by a female with 15 years' experience in credit interviewing, writing collection letters, skip tracing, and collecting by telephone. Also experienced in typing, correspondence and dictaphone. Several years of hospital experience. Prefers Middle West. Box 6543, The CREDIT WORLD.

Help Wanted

We have a position for a Credit Sales Manager with a large old established Department Store in the Southwest. He must be a man between 30-45 years of age and must have had the responsibility of handling from 50,000 to 75,000 retail accounts, well experienced in the field of account promotion and some knowledge of personnel management. Box 6544, The CREDIT WORLD.

A MESSAGE FROM THE PRESIDENT

AS OUR YEAR draws to a close, a survey of the progress made should bring a sense of satisfaction to all. Our membership has maintained its steady growth and will have passed the 35,000 mark with this issue. Our financial position remains strong and our various projects have prospered.

With business changing from a wartime basis to one of peace, the result of years of educational and organizational work by our Association clearly manifests itself. Our members are meeting the challenge of new problems with confidence that consumer credit and the American economy are sound and that we can and will find ways to channel the products of our factories into the hands of the consumer.

I am grateful to you for the privilege of serving as your President, to the staff in St. Louis, to every officer and committee member for the work and support that has enabled us to add another successful page to our history.

As we face another year let us determine that since consumer credit is vital to our system of free enterprise, we will pledge our every effort to the maintenance of a strong, healthy policy that will do much to ensure the continuance of a free nation and a happy and prosperous people.

H. C. Alexander

President
National Retail Credit Association

THESE STREAMLINED STICKERS GET RESULTS